

CITY OF INGLESIDE, TEXAS
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2011

PREPARED BY

City of Ingleside
City Manager

Jim Gray
City Manager

**CITY OF INGLESIDE, TEXAS
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2011**

TABLE OF CONTENTS

INTRODUCTORY SECTION

Page

Letter of Transmittal	7
Organizational Chart	15
List of Principal Officials	16

FINANCIAL SECTION

Independent Auditors' Report	19
Management's Discussion and Analysis	21
<u>Basic Financial Statements</u>	
Statement of Net Assets	31
Statement of Activities	32
Balance Sheet – Governmental Funds	34
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets	35
Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds	36
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	37
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual - General Fund	38
Statement of Net Assets – Proprietary Funds	40
Statement of Revenues, Expenses, and Changes in Fund Net Assets – Proprietary Funds	42
Statement of Cash Flows – Proprietary Funds	43
Notes to the Financial Statements	46
Required Supplementary Information	
Notes to Required Supplemental Information	68
Texas City and City Retirement System Schedule of Funding Progress	69
Combining and Individual Fund Statements and Schedules as Supplementary Information	
Comparative Balance Sheet – General Fund	77
Schedule of Revenues and Other Sources – Budget (GAAP Basis) and Actual – General Fund	78
Schedule of Expenditures – Budget (GAAP Basis) and Actual – General Fund	80
Combining Balance Sheet – Non-major Funds	84
Combining Statement of Revenue, Expenditures and Changes in Fund Balance – Non-major Funds	85

**CITY OF INGLESIDE, TEXAS
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2011**

	<u>Page</u>
Special Revenue Funds	
Combining Balance Sheet --Non-major Special Revenue Funds	88
Combining Statement of Revenues, Expenditures and Changes in Fund Balances -- Non-major Special Revenue Funds	89
Ingleside Development Fund	
Comparative Balance Sheet	90
Schedule of Revenues, Expenditures, and Changes in Fund Balance -- (GAAP Basis) and Actual	91
Hotel-Motel Tax Fund	
Comparative Balance Sheet	92
Schedule of Revenues, Expenditures, and Changes in Fund Balance -- (GAAP Basis) and Actual	93
Asset Seizures and Forfeitures Fund	
Comparative Balance Sheet	94
Comparative Schedule of Revenues, Expenditures, and Changes in Fund Balance -- (GAAP Basis) and Actual	95
Ingleside Home Grant Fund	
Comparative Balance Sheet	96
Comparative Schedule of Revenues, Expenditures, and Changes in Fund Balance-- (GAAP Basis) and Actual	97
Ingleside Safe Routes Grant Fund	
Comparative Balance Sheet	98
Comparative Schedule of Revenues, Expenditures, and Changes in Fund Balance-- (GAAP Basis) and Actual	99
Street Maintenance Tax Fund	
Comparative Balance Sheet	100
Comparative Schedule of Revenues, Expenditures, and Changes in Fund Balance-- (GAAP Basis) and Actual	101
Texas Capital Fund Helix Fund	
Comparative Balance Sheet	102
Comparative Schedule of Revenues, Expenditures, and Changes in Fund Balance (GAAP Basis) and Actual	103
Homeland Security/Other Grant	
Comparative Balance Sheet	104
Comparative Schedule Revenues, Expenditures and Changes in Fund Balance (GAAP Basis) and Actual	105
Ingleside Tax Reinvestment Zone No. 1	
Comparative Balance Sheet	106
Comparative Schedule Revenues, Expenditures and Changes in Fund Balance -- (GAAP Basis) and Actual	107

**CITY OF INGLESIDE, TEXAS
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2011**

	<u>Page</u>
Ingleside General Capital Projects Fund	
Comparative Balance Sheet	108
Comparative Schedule Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	109
Debt Service Fund	
Comparative Balance Sheet	112
Schedule Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	113
Proprietary Funds	
Enterprise Funds	
Comparative Statement of Net Assets Proprietary Funds – Utility Funds	118
Schedule of Operating Revenues and Expenses by Fund – Utility Fund	120
Comparative Statement of Cash Flows – Utility Funds	121
Internal Service Fund	
Comparative Statement of Net Assets – Self-Funded Insurance - Internal Service Fund	124
Comparative Schedule of Revenues, Expenses, and Changes in Fund Net Assets – – Self-Funded Insurance	
- Internal Service Fund	125
Comparative Statements of Cash Flows - Self-Funded Insurance	
- Internal Service Fund	126
Capital Assets Used in Operation of Government Funds	
Comparative Schedules – By Source	128
Schedule by Function and Activity	129
Schedule of Changes by Function and Activity	130

**INTERNAL CONTROL AND COMPLIANCE/
SINGLE AUDIT SECTION**

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Governmental Auditing Standards	133
Schedule of Prior Findings	135
Schedule of Findings and Questioned Costs of Federal Awards	136
Schedule of Corrective Action	137
Report on Compliance with Requirements that could have a Direct and Material Effect on Each Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133	139
Schedule of Federal Financial Awards	142
Notes on Accounting Policies for Federal Awards	144

**CITY OF INGLESIDE, TEXAS
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2011**

STATISTICAL SECTION AND SUPPLEMENTAL INFORMATION

	<u>Table</u>	<u>Page</u>
Multi-year and Other Financial and Demographic Information:		
Government-wide Expenses by Function	1	146
Government-wide Revenues	2	148
General Government Expenditures by Function – Last Ten Years	3	150
General Government revenues by Source – Last Ten Years	4	152
Assessed Valuations, Tax Levies, and Tax Rate Distributions – Last Ten Years	5	154
Assessed and Estimated Actual Values of Taxable Property – Last Ten Year	6	155
Schedule of Taxes Levied, Collected, and Receivable	7	156
Ratio of Net General Bonded Debt to Assesses Value and Net Bonded Debt Per Capita – Last Ten Years	8	158
Property Tax Rates – All Direct and Overlapping Governments (per \$100 Assessed Valuation) – Last Ten Years	9	160
Computation of Legal Debt margin	10	161
Computation of Direct and Overlapping Debt	11	162
Ratio of Annual Debt Service Expenditures of all General, Special Revenue and Debt Service Funds	12	163
Revenue Bond Coverage – Last Ten Years	13	164
Demographic Statistics	14	165
Principal Taxpayers	15	166
Insurance and Bond Coverage	16	167
Miscellaneous Statistical Data	17	168
Water Purchases and Sales – Last Ten Years	18	169
Number of Active Accounts at Close of Year -- Last Ten Years	19	170
Top Ten Utility Customers	19	170
Debt Service Requirements by Years-General Long-Term Debt Service Requirements		171
Debt Service Requirements by Years-Utility Debt Service Requirements		172
Debt Service Requirements by Years-Combination Tax and Limited Pledge Revenue-1997-A		173
Debt Service Requirements by Years-Combination Tax and Limited Pledge Revenue-1997		174
Debt Service Requirements by Years-Combination Tax and Limited Pledge Revenue-2002		175
Debt Service Requirements by Years-General Obligation Refunding Bonds, Series 2003		176
Debt Service Requirements by Years-Water Works and Sewer System Revenue Bonds Series 2002 and Series 2002-A		177
Debt Service Requirements by Years-Utility System Revenue Bonds, Series 2007 and Certificate of Obligations, Series 2011		178

INTRODUCTORY SECTION





January 30, 2012

The Honorable Mayor, City Council and City Manager
City of Ingleside
Ingleside, Texas

This report represents the Annual Financial Report for the City of Ingleside, Texas for the fiscal year ended September 30, 2011.

This report is published to provide the City Council, City Staff, our citizens, our bondholders and other interested parties with detailed information concerning the financial condition and activities of the City government. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City.

To the best of our knowledge and belief, the enclosed data is accurate in all material respects, and is organized in a manner designed to fairly present the financial position and results of operations of the City as measured by the financial activity of its various funds. We also believe that all disclosures necessary to enable the reader to gain the maximum understanding of the City's financial affairs have been included.

The City Staff is pleased to submit the Annual Financial Report for the City of Ingleside, Texas, for the fiscal year ended September 30, 2011.

THE REPORT

This report is presented in three sections: Introductory, Financial and Statistical. The Introductory Section includes this transmittal letter, a listing of the City Officials, and an organizational chart. The Financial Section includes a Management Discussion and Analysis (MD&A), basic financial statements and combining and individual fund statements and schedules, as well as the Independent auditors' report on the basic financial statements. This letter of transmittal is designed to complement and should be read in conjunction with the MD&A. The City of Ingleside's MD&A can be found immediately following the report of the independent auditors. The Statistical Section includes financial and demographic information, usually presented on a multi-year basis that is relevant to a financial statement reader.

The City of Ingleside's financial statements have been audited by Ernest R. Garza & Company, P.C.; a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Ingleside for the fiscal year ending September 30, 2011 are free of material misstatement. The independent audit involves examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation.

The independent auditor concluded, based upon the audit, that there was a reasonable basis for the fiscal year ending September 30, 2011 financial statements to be considered to be fairly presented in conformity with generally accepted accounting principles for governments as prescribed by the Governmental Accounting Standards Board and other professional promulgations, as applicable.

CITY PROFILE

Location

The City of Ingleside is the second largest city in population in San Patricio County. Located on the eastern tip of San Patricio County, Ingleside is 18 miles from Corpus Christi, about 150 miles south of San Antonio and 225 miles southwest of Houston. The City encompasses approximately 16.0 square miles of land within the City's corporate boundary. Ingleside is about 35% developed.

The City of Ingleside, Texas, (the "City") was incorporated on June 18, 1951 under the provisions of the laws for the State of Texas. The City operates under a charter with a Council-Manager type of government where the Mayor and six Council members are elected on a rotating schedule. Prior to 2010, members were elected at large, after 2010 members are elected under a place format. The City Council and Mayor are responsible for enacting ordinances, resolutions, and regulations governing the City, appointing members of various statutory and advisory boards, the City Manager is responsible for enforcement of laws and ordinances, and appoints and supervises the heads of departments of the City organization.

Services Provided

Services provided by the City under the general governmental functions include police and fire protection, street maintenance, library services, public improvements, planning and zoning, engineering, traffic control, parks operation and maintenance, code enforcement, and general and administrative services. A private firm provides solid waste collection and disposal services under a contract with the City. In addition, water and sewer services are provided under an Enterprise Fund concept, with user charges set by the City Council to ensure adequate coverage of operating expenses, payments on outstanding debt and reserves.

The Ingleside Development Corporation (IDC) is considered to be a blended component unit of the City. A seven-member board of directors, of which four may be active council members, governs this legally separate entity. The function of the IDC is to oversee the appropriations of funds collected under the special sales tax for economic development, including the payment of debt service for the projects approved by the voters for the purpose. The operational and capital budget must be approved by the City Council.

Accounting System and Budgetary Control

The City's accounting records for governmental operations are maintained on a modified accrual basis, with the revenues being recorded when available and measurable, expenditures being recorded when the services or goods are received, and the liabilities are incurred. Accounting records for the City's utilities and other proprietary activities are maintained on the accrual basis.

In developing and maintaining the City's accounting system, consideration is given to the adequacy of the internal control structure. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or

disposition; and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. We believe that the City's current internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

The City Charter provides that on or before the sixth of August, the City Manager submits to the City Council a proposed budget and budget message to the City Council for the fiscal year commencing the following October 1. The budget message is the responsibility of the City Manager. The City Council shall review the proposed budget and make any appropriate changes prior to publishing the final budget. The budget is legally enacted through passage of an ordinance on or before September 20. The City Manager is authorized to transfer budgeted amount within departments; however, any revisions that alter the total expenditures of a department must be approved by the City Council. The City Manager has been authorized, by ordinance and by adoption of the City Council, to expend limited amounts which are included within the budget. Expenditures over \$50,000 require authorization by the City Council.

Budgetary control has been established at the individual fund level. Financial reports are produced showing budget and actual expenditures by line item for the current month and year-to-date and are distributed monthly to City department supervisors as well as to others upon request.

Individual line items are reviewed and analyzed for budgetary compliance. Personnel expenditures are monitored and controlled at a position level and capital expenditures are monitored and controlled item by item.

Following the Spring 2006 liquidity crisis, the City Council adopted certain financial goals for the City in order to create a better financial foundation and to improve the City's bond rating. These goals are basically to accumulate 25% of the City's annual general and utility expenditures in reserve and to re-establish the City's Utility Bond Reserves. The bond reserves were reestablished within a year of the adoption of these goals. And, the City's steady and deliberate progress towards these goals has resulted in three consecutive upgrades of the City's bond ratings as published by Standard & Poor. The most recent upgrade occurred on July 12, 2010 when the City's bond rating was changed from A- to A. In August 2011, the City issued Certificate of Obligations Series 2011 with a coupon rate of 3.12% for utility system projects. In addition, as of September 30, 2011, the General Fund - fund balance was \$1,355,770 and the Utility Fund unrestricted net assets were \$4,491,873. In addition to these amounts, the City has established and funded a capital improvement fund.

ECONOMIC OUTLOOK AND FINANCIAL CONDITION

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City operates.

Regional Economy

San Patricio County is located at the center of the Corpus Christi Bay Area on the Gulf of Mexico. Linked to Corpus Christi by the Harbor Bridge, the County is part of a three county MSA, which celebrates being the industrial area in the nation that has clean air, healthy bays and estuaries and plentiful water supplies. Coupled with abundant land and a young workforce, San Patricio is poised to be the center of growth in the region. Rail and interstate highway connectivity also link San Patricio County to Mexican and U.S. markets.

As a bedroom community to the larger City of Corpus Christi, which is to our south, our economic development is largely dependent on the growth of our industrial partners. Housing sales have remained steady in contrast to the national trend. Ingleside's housing remains affordable and in most cases is close to 25% less than a comparable property in neighboring metropolitan Corpus Christi.

The following facts reflect upon Ingleside's economic condition and outlook:

- Ingleside is the second largest city in San Patricio County, with ample space for additional growth.
- Home construction continues at a moderate pace.
- Ingleside and its adjacent lands continue to serve as plant locations for some of the nation's largest corporations:
 - Kiewit Offshore Services
 - Dupont
 - Gulf Marine Fabricators
 - OxyChem
 - Air Liquide America LP
 - Helix Energy Corporation
 - Tianjin Pipe Company
- Total taxable value for all residential and commercial property in the City of Ingleside exceeded \$374 million for fiscal year 2010, a 10.24% increase from the previous year.
- Total sales tax collections have increased slightly over the prior fiscal year as it has for most Texas cities. The overall industrial growth of the area is considered to be major factor.

Ingleside's median household effective buying income of \$54,338 compares favorably to \$45,189 for San Patricio County and \$49,646 for Texas.

Current Economic Outlook and New Developments

Ingleside's general economy has been stable in spite of the closure of Naval Station Ingleside. Although the City's budget required significant adjustment as a result of the decrease in utility revenue and sales tax collection resulting from the closure, those factors were assimilated into the City's operating budgets. These reductions were made primarily in the areas of maintenance and capital improvements. However, when that property is redeveloped, the City will be well positioned for new growth. It is expected that another entity or entities will utilize this location in the near future, given the proximity of the land and facilities to navigable water. As the holder of the reversionary rights to the base property, The Port of Corpus Christi has the ultimate responsibility for redevelopment of the property.

New developments:

China based **Tianjin Pipe Company**, (TPCO) a seamless steel pipe manufacturing facility has recently announced plans to located near the City. This one billion dollar project will be the largest Chinese project ever located in the United States. Ingleside is expected to be positively impacted both during construction and when the plant is completed with additional vendor support businesses and the resulting expanded workforce.

Cheniere Energy has announced that its wholly owned subsidiary, Corpus Christi Liquefaction, LLC is developing a liquefied natural gas, or LNG, export terminal at one of Cheniere's existing sites that was previously permitted for a re-gasification terminal. The LNG export terminal site is located in San Patricio County, Texas, and it is anticipated that the terminal would be primarily supplied by reserves from the Eagle Ford Shale, located approximately sixty miles northwest of Corpus Christi. The proposed liquefaction project is being designed for up to three trains capable of producing in aggregate up to 13.5M tonnes per annum, or mtpa.

Cash Management

The City awards its depository contract through official bidding procedures for a two-year period with an option to extend the contract for an additional three years. The current depository contract is with Frost National Bank. The remaining idle cash is invested by City officials in TexPool when the interest rates available at TexPool are higher than the depository bank. TexPool was created under the Public Funds Investment Act to provide local governments investment opportunities while protecting principal and liquidity. The total amount of interest earned across funds in 2011 was \$6,416 compared to 2010 which was \$7,962 and \$26,310 in 2009.

It is the City's Policy that all demand deposits and time deposits be secured by pledged collateral with a market value equal to no less than 100% of the deposits less an amount insured by the FDIC. Evidence of the pledged collateral is periodically obtained at a third party financial institution. Collateral is reviewed to assure the market value of the securities pledged equals or exceeds the related bank balances. All collateral is subject to inspection and audit by the City's independent auditors.

Risk Management

The City of Ingleside risk management program has been implemented in order to minimize or eliminate any harm to the financial position of the City, any physical injury to employees or potential destruction of property by providing proper insurance coverage, safety training and safety assessment. Insurance coverage at a minimum includes:

- Worker's Compensation
- General Liability
- Law Enforcement Liability
- Public Official Errors and Omissions
- Automobile and Physical Damage
- Windstorm Damage

Pension Plan

The City of Ingleside provides pension benefits for its employees except for firefighters through a non-traditional, joint contributory, hybrid defined benefit plan in the statewide Texas Municipal Retirement System (TMRS), an agent multiple-employer public employee retirement system. The plan provisions that have been adopted by the city are within the options available in the governing statutes of TRMS.

TMRS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information (RSI) from TMRS; the report also provides detailed explanations of the contributions, benefits and actuarial methods and assumptions used by the System. This report may be obtained by writing to TMRS, P.O. Box 149153, Austin, TX 78714-9153 or by calling 800-924-8677; in addition, the report is available on TMRS' website at www.TMRS.com.

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. Plan provisions for the City were as follows:

	Plan Year 2011	Plan Year 2010
Employee deposit rate	5.0%	5.0%
Matching ratio (city to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service retirement eligibility (expressed as age/ years of service)	60/5,0/20	60/5,0/20
Updated Service Credit	100% Repeating, Transfers	100% Repeating, Transfers
Annuity Increase (to retirees)	70% of CPI Repeating	70% of CPI Repeating

Contributions: Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Projected Unit Credit actuarial cost method. This rate consists of the normal cost contribution rate and the prior service cost contribution rate, which is calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the portion of an active member's projected benefit allocated annually; the prior service contribution rate amortizes the unfunded (over-funded) actuarial liability (asset) over the applicable period for that city. Both the normal cost and prior service contribution rates include recognition of the projected impact of annually repeating benefits, such as Updated Service Credits and Annuity Increases.

The City contributes to the TMRS Plan at an actuarially determined rate. Both the employees and the City make contributions monthly. Since the City needs to know its contribution rate in advance for budgetary purposes, there is a one-year delay between the actuarial valuation that serves as the basis for the rate and the calendar year when the rate goes into effect. The annual pension cost and net pension obligation/(asset) are as follows:

1. Annual Required Contribution (ARC)	240,119
2. Interest on Net Pension Obligation	0
3. Adjustment to the ARC	0
4. Annual Pension Cost (APC)	240,119
5. Contributions Made	240,119
6. Increase (Decrease) in net pension obligation	0
7. Net Pension Obligation/(Asset), beginning of year	0
8. Net Pension Obligation/(Asset), end of year	0

The City has an unfunded Actuarial Accrued Liability overall but did not have a current year variance. See notes to financial statements for additional information.

Employee Health Plan

In June 2009, the City terminated its self funded health insurance plan and now provides an employee health plan for employees and dependents thru a contracted health insurance provider.

Post Employment Health Care Benefits

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the City makes health care benefits available to eligible former employees and eligible dependents.

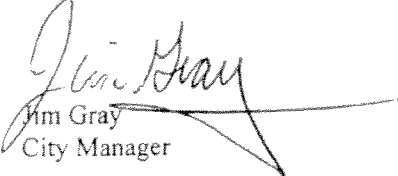
OTHER INFORMATION

Acknowledgments

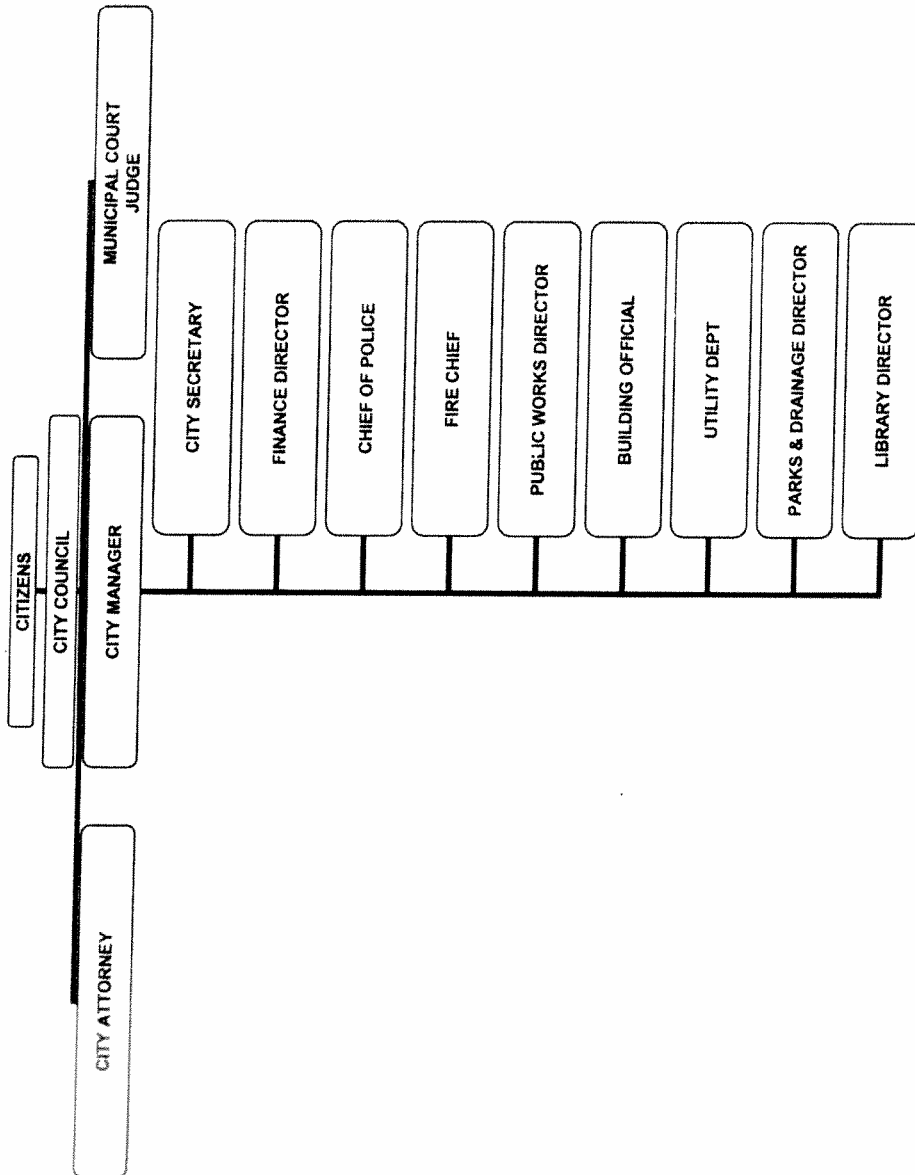
Appreciation is expressed to each and every City employee who, throughout the past year, has faithfully and diligently served the City and its community. They are to be thanked.

The members of the City Council, and Citizens, are to be thanked for their active participation and support in the operations of the City. The City continues to grow and enhance its overall operations as it plans for the future of the City of Ingleside, Texas. While challenges remain, there are also opportunities. As with any effort to improve, we have begun what will be an ongoing process. Further, this will not be one person's effort, but the efforts of everyone.

Respectfully submitted,


 Jim Gray
 City Manager





CITY OF INGLESIDE

List of Principal Officials

ELECTED OFFICIALS

Pete Perkins	Mayor
John F. Schack	Mayor Pro-Tem
Rayman Kinman	Council Member
Cynthia Wilson	Council Member
Paul Pierce	Council Member
Willie Vaden	Council Member
Eliane W. Kemp	Council Member

APPOINTED OFFICIALS AND DEPARTMENT HEADS

Jim Gray	City Manager
Paul Baen, CPA	Assistant City Manager /Finance Director
Stan Bynum	Police Chief
Donald Paty	Director of Public Works
Belinda Casanova	Library Director
Kimberly Drysdale	City Secretary/ HR
Robert Stoddard	Building Official
Cheryl Deal	Municipal Court Judge
Michael E. Morris	City Attorney
Vacant	Director of Parks and Drainage

FINANCIAL SECTION



**ERNEST R. GARZA
AND COMPANY, P.C.**
Certified Public Accountants

10201 Leopard #A
Corpus Christi, Texas 78410
Bus. (361) 241-2452
Fax No. (361) 242-1525
Toll Free 1-800-241-1272



6102 Ayers St. #106
Corpus Christi, Texas 78415
Bus. (361) 723-0685
Fax (361) 723-0689

Independent Auditor's Report

The Honorable Mayor,
Members of City Council
City of Ingleside, Texas

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Ingleside, as of and for the year ended September 30, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Ingleside's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Ingleside, as of September 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 30, 2012, on our consideration of the City of Ingleside's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and the other required supplementary information on pages 21 through 28 are not a part of the basic financial statements but are supplementary information required by Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinion on the financial statements that collectively comprise the City of Ingleside's basic financial statements. The introductory section, combining and individual non-major fund financial statements and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of the City of Ingleside. The combining and individual non-major fund financial statements and the schedule of expenditures of state awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Ernest R. Garza & Company, P.C.
Certified Public Accountants

A handwritten signature in black ink, appearing to read "ER Garza & Co. P.C.", written in a cursive style.

January 30, 2012

**CITY OF INGLESIDE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2011**

This discussion and analysis of the City of Ingleside's financial performance is intended to provide an overview and analysis of the City's financial activities for the fiscal year ended September 30, 2011. The reader is encouraged to consider the information presented here in conjunction with the accompanying transmittal letter and the accompanying basic financial statements.

FINANCIAL HIGHLIGHTS

- On a City wide basis, the City's liquidity changed from \$3,459,994 to \$4,677,273 during the past year.
- The City's total debt increased by \$.83 million during 2011 from \$5.4 million to \$6.3 million. The Council passed a Certificate of Obligation Series 2011 in the amount of \$1,350,000 during the fiscal year.
- As of September 30, 2011, the City of Ingleside's General Fund reported ending fund balance of \$1,355,770 compared to \$1,274,233 in the prior year.
- As of September 30, 2011, the City of Ingleside's governmental funds reported combined ending fund balance of \$2,051,617 compared to \$1,859,111 in the year before.
- The net assets of the City of Ingleside exceeded its liabilities at the close of the fiscal year ending September 30, 2011 by \$11,716,683, an increase of \$281,154 from the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis serves as an introduction to the City of Ingleside's basic financial statements. The City of Ingleside's basic financial statements are comprised of three components: government-wide financial statements, fund financial statements and notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements

The government-wide financial statements are designed to provide readers with a broad overview of the City of Ingleside's finances, in a manner similar to a private-sector business.

**CITY OF INGLESIDE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2011**

The Statement of Net Assets presents information on all of the City of Ingleside's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City of Ingleside is improving or deteriorating. This statement combines and consolidates governmental funds' current financial resources (short-term spendable resources) with capital assets and long-term obligations. To assess the overall health or financial condition of the City, other non financial factors should be taken into consideration, such as changes in the City's property tax base and the condition of the City's infrastructure (i.e. roads, drainage improvements, storm and sewer lines, etc).

The Statement of Activities presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of when cash is received or paid. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxed and earned but not used vacation leave). Both the Statement of Net Assets and the Statement of Activities are prepared utilizing the accrual basis of accounting as opposed to the modified accrual basis used in prior reporting models.

In the Statement of Net Assets and the Statement of Activities, the City is divided into three kinds of activities:

- **Governmental Activities-** Most of the City's basic services are reported here, including the police, fire, library, building and inspections, sanitation, code enforcement, parks and recreation and general administration. Property taxes, sales taxes and franchise fees finance most of these activities.
- **Business type Activities-** the City charges a fee to customers to help it cover all or most of the cost of certain services it provides. The City's water and sewer system are reported here.
- **Blended Component Units-** The City of Ingleside Development Corporation was formed to promote economic development within the City and to administer the distribution of the proceeds of any developmental bonds issued and certain development sales taxes received on behalf of the City. Due to the financial interdependency of the Corporation, it is a blended component unit reported as a special revenue fund.

Reporting the City's Most Significant Funds

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds- not the City as a whole. Some funds are required to be established by state law and by bond covenants. However, the City has established many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants and other money. The City's two kinds of funds- governmental and propriety- utilize different accounting guidelines.

**CITY OF INGLESIDE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2011**

- **Governmental Funds-** the majority of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method identified as the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted into cash. The governmental fund statements provided a detailed short term view of the City's general governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs.

By comparing information presented for governmental activities in the government-wide statements, readers may better understand the long term effect of the government's near term operating decisions. The relationships or differences between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds are detailed in a reconciliation following the fund financial statement.

The City of Ingleside maintains twelve individual governmental funds. Information is presented separately in the Governmental Funds Balance Sheet and in the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund and the Local Redevelopment Authority Fund all of which are considered to be major funds. Data from the other nine governmental funds are combined into a single, aggregated non major fund presentation. Individual fund data for each of these non major governmental funds is provided in the form of combining statements elsewhere in this report.

- **Proprietary Funds-** the City charges customers for the services it provides. These services are generally reported in the proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities. In fact, the City's enterprise funds (a component of proprietary funds) are identical to the business type activities that are reported in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds. In prior years the Internal service funds (the other component of proprietary funds) are utilized to report activities that provide supplies or services for the City's other programs and activities, such as the City's self-funded insurance fund. Because these services benefit both governmental as well as business type functions, their cost has been included in both the governmental and business type activities in the government-wide financial statements.

Notes to the Financial Statements

These notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately following the basic financial statements.

**CITY OF INGLESIDE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2011**

Other Information

In addition to basic financial statement and accompanying notes, this report presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension benefits to the employees and budgetary comparative information for the general fund.

The City as a Whole- Government-wide Financial Analysis

The City's combined net assets were \$28.85 million as of September 30, 2011 compared to \$27.96 million as of September 30, 2010. Analyzing the net assets and net expenses of governmental and business-type activities separately, the business type activities net assets are \$17.1 million. The analysis focuses on the net assets (Table 1) and changes in general revenues (Table 2) and significant expenses of the City's governmental and business type-activities.

By far the largest portion of the City's net assets reflects its investment in capital assets (e.g. land, infrastructure, buildings, machinery, equipment, and furniture), less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Table 1
CITY OF INGLESIDE, TEXAS
STATEMENT OF NET ASSETS

	Governmental Activities		Business Type Activities	
	2011	2010	2011	2010
Current and other assets	3,507,032	2,647,640	6,090,599	3,558,154
Capital assets	11,459,648	11,612,628	16,093,504	16,753,376
Total assets	14,966,680	14,260,268	22,184,103	20,311,530
Long-term liabilities	1,581,000	1,895,960	4,135,000	3,025,000
Other liabilities	1,668,998	928,780	912,512	764,950
Total liabilities	3,249,998	2,824,740	5,047,512	3,789,950
Net Assets:				
Invested in capital assets net of related debt	9,584,825	9,516,625	13,565,915	13,900,911
Restricted	733,081	638,083	390,321	442,536
Commitments	-	-	145,571	-
Unrestricted	1,398,778	1,280,820	3,034,784	2,178,132
Total net assets	11,716,684	11,435,528	17,136,591	16,521,579

Table II
CITY OF INGLESIDE, TEXAS
CHANGES IN NET ASSETS

	<u>Governmental Activities</u>		<u>Business Type Activities</u>	
	2011	2010	2011	2010
Revenues:				
Property Taxes	2,707,342	2,513,217	-	-
Sales Tax	1,212,971	1,033,770	-	-
Franchise Taxes	396,549	389,295	-	-
Charges for Services	1,112,562	969,647	4,026,661	3,657,122
Other Taxes	126,710	168,355	-	-
Penalty & Interest	46,819	36,764	-	-
Grants & Contributions Not Restricted	969,193	1,709,155	-	1,350
Investment Earnings	969	4,386	2,596	3,588
Other Revenue - net	302,328	484,224	17,000	-
Total Revenue	6,875,443	7,308,813	4,046,257	3,662,060
Expenses:				
General Government	1,074,108	1,012,857	-	-
Public Safety	1,682,808	2,291,727	-	-
Public Works	1,633,585	1,896,300	3,330,545	3,277,800
Cultural and Recreational	859,277	821,366	-	-
Economic Development	1,207,187	1,367,645	-	-
Bond Interest and Fiscal Agent Fees	100,105	115,175	137,919	146,409
Total Expenses	6,557,070	7,505,070	3,468,464	3,424,209
Increase (Decrease) in net assets before transfers and special items	318,373	(196,257)	577,794	237,851
Prior Period Adjustment		-	-	481,897
Transfers	(37,218)	870,552	37,218	(870,552)
Net assets at beginning	11,435,528	10,751,233	16,521,579	16,672,383
Net assets at ending	11,716,683	11,435,528	17,136,591	16,521,579

Adjustments and reclassifications have been done for comparison purposes.

A prior period adjustment has been made to reflect the internal service fund which was not included in the Statement of Activities.

Government Fund Activities

The City's general fund revenues increased when compared to the prior year by 7.32 percent or \$337,535. The assessed value of the property in the City increased by \$34.7 million from \$339,212,820 to \$373,954,749, or 10.24 percent, as compared to the prior year. In addition to ad valorem property taxes, the City collects sales taxes, franchise taxes, beverage taxes and other taxes in lieu of ad valorem taxes. General Fund sales tax revenue increased slightly by \$5,996 or .77 percent over the previous year due to conditions of the local economy.

Table 3
General Fund Revenues
At September 30

	<u>2011</u>	<u>2010</u>	<u>Increase</u> <u>(decrease)</u>
Taxes	\$3,488,251	\$3,333,720	\$154,531
Licenses and Permits	108,655	41,350	67,305
Intergovernmental	6,137	20,928	(14,791)
Charges for services	947,953	969,647	(21,694)
Fines and penalties	164,609	154,405	10,204
Other	<u>236,078</u>	<u>94,098</u>	<u>141,980</u>
Total General Revenues	<u>\$4,951,683</u>	<u>\$4,614,148</u>	<u>\$337,535</u>

The most significant governmental expense for the City was in both the public safety and sanitation and cultural and recreational. The public safety (Police & Fire) incurred expenses \$1,541,750. Police accounted for \$1,360,805 in public safety expense and Fire accounted for \$180,945 in public safety expense.

Enterprise Fund Activities

Revenues of the City's Utility Funds were \$4.03 million for the fiscal year ending September 30, 2011. Operating expenses were \$3.33 million for the year, resulting in net revenues of \$.7 million after depreciation but before transfers out. The most significant expense of the Utility Fund was \$1.07 million to purchase water and \$.736 million in salaries and benefits.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of the fiscal year 2011, the City of Ingleside had nearly \$48.7 million invested in a broad range of capital assets, including police and fire equipment building, land, park facilities, roads, bridges, vehicles, and water and sewer lines, (See Table 4.) The bulk of the new additions were for the expansion of the infrastructure and utility improvements.

Table 4
Capital Assets before Depreciation
At September 30

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Land	\$3,836,406	\$3,836,406	\$329,494	\$329,494	\$4,165,890	\$4,165,900
Building and Improvements	5,339,839	5,311,934	452,300	452,300	5,792,139	5,764,234
Machinery and Equipment	3,283,438	2,909,118	1,039,362	1,012,420	4,322,800	3,921,538
Infrastructure	6,491,107	6,405,652	-	-	6,491,107	6,405,652
Furniture and Fixtures	990,426	990,426	-	-	990,426	990,426
Water and Sewer System	-	-	26,884,149	26,884,148	26,884,148	26,884,148
Construction in Progress	-	-	123,482	97,000	123,482	97,000
Total Capital Assets	<u>\$19,941,216</u>	<u>\$19,453,536</u>	<u>\$28,828,787</u>	<u>\$28,775,362</u>	<u>\$48,770,003</u>	<u>\$48,228,898</u>

Debt

At year-end, the City of Ingleside had \$6.3 million in General Certifications of Obligation and Revenue Bonds as compared to \$5.4 million at the end of the prior fiscal year. Table 5 below reflects outstanding long-term debt increased 15.2 percent.

Table 5
Outstanding Long-Term Debt
At September 30

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
General Certificates of Obligations	\$1,841,000	\$2,096,000	\$ 0	\$0	\$1,841,000	\$2,096,000
Revenue Bonds	-	-	4,375,000	3,295,000	4,375,000	3,295,000
Total Outstanding Debt	<u>\$1,841,000</u>	<u>\$2,096,000</u>	<u>\$4,375,000</u>	<u>\$3,295,000</u>	<u>\$6,216,000</u>	<u>\$5,391,000</u>

The above outstanding debt represents long term debt. The City Charter authorizes the City of Ingleside to issue bonds, when authorized by the voters or the City Council, for any purpose for which a city may issue bonds under the Constitution and laws of the State of Texas. The Charter precludes the use of bond proceeds for any other purpose other than that for which the bonds were sold. At September 30, 2011, the City had no bonds of any type approved that had not been issued.

Prior to the 2007 fiscal year, the City of Ingleside designated combination tax and revenue bond debt to be serviced by the collection of property taxes. In the 2011 fiscal year, the City issued certificate of obligations in the utility fund for infrastructure purposes.

The City bond rating was changed from A- to A during the 2010 audit from Standard and Poor's Corporation.

THE CITY'S FUNDS

At the close of the City's fiscal year on September 30, 2011, the governmental funds of the City reported a combined fund balance of \$2,051,617. This ending balance includes an increase in the City's General Fund Balance of \$81,536 from \$1,274,233 to \$1,355,770.

Other governmental fund balances include:

- Street Maintenance Tax Fund, decreased from \$62,168 to \$27,920.
- The Ingleside Development fund balance increased from \$294,093 to \$348,393.
- The Hotel-Motel Tax Fund increased from \$177,626 to \$247,158.
- The Debt Service fund balance increased from \$30,782 to \$53,744.

In the Proprietary Funds, retained earnings changes are:

- The unrestricted net assets of the Enterprise Funds increased \$2,178,132 to \$3,034,784.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City's elected and appointed officials considered many factors when setting the fiscal year 2012 budget, tax rates and fees that will be charged for the business-type activities. The total growth of the City's commercial development and revenues remain on target. Total property tax valuations continue to increase; thus the property tax revenues are still increasing while the tax rate decreases. Water and sewer utility rates provide adequate revenue to cover the cash expenses of the Utility fund in spite of the reduction of the military.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide the citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives from all sources. If you have questions about this report or need additional financial information, contact Jim Gray, City Manager, at the City of Ingleside, P.O. Drawer 400, Ingleside, Texas 78362.

BASIC FINANCIAL STATEMENTS



CITY OF INGLESIDE, TEXAS
STATEMENT OF NET ASSETS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

EXHIBIT A-1

	Primary Government		
	Governmental	Business Type	
	Activities	Activities	Total
ASSETS:			
Cash and Cash Equivalents	\$ 2,948,609	2,561,999	5,510,608
Investments - Current	-	-	-
Receivables (net of allowance)	187,130	365,472	552,602
Prepaid Items	-	3,552	3,552
Due From Other Funds	-	1,020,583	1,020,583
Due From Others	360,629	-	360,629
Inventory	10,663	75,845	86,508
Bond Issue Cost (net)	-	215,738	215,738
Restricted Assets:			
Temporarily Restricted:			
Temporarily Restricted Assets	-	1,847,411	1,847,411
Capital Assets:			
Land	3,836,406	329,494	4,165,900
Infrastructure and Buildings, net	5,833,427	15,557,197	21,390,624
Machinery and Equipment, net	1,789,816	83,331	1,873,147
Construction in Progress	-	123,482	123,482
TOTAL ASSETS:	\$ 14,966,681	22,184,103	37,150,785
LIABILITIES:			
Accounts Payable & Other Current Liab.	\$ 321,317	304,755	626,071
Due to Other Funds	1,020,033	551	1,020,583
Due to Others	-	-	-
Accrued Liabilities	33,824	220,552	254,376
Current Bonds/Loans Payable	293,824	240,000	533,824
Payable from Restricted Assets	-	146,655	146,655
Bonds Payable - Long Term	1,581,000	4,135,000	5,716,000
TOTAL LIABILITIES	\$ 3,249,998	5,047,512	8,297,510
NET ASSETS:			
Invested in Capital Assets, Net of Debt	\$ 9,584,825	13,565,915	23,150,740
Restricted for Revenue Bond Retirement	-	390,321	390,321
Commitments	-	145,571	145,571
Restricted for Capital Project Funds	28,184	-	28,184
Restricted for Special Revenue Funds	597,791	-	597,791
Restricted for Debt Service Funds	107,105	-	107,105
Unrestricted Net Assets	1,398,778	3,034,784	4,433,562
TOTAL NET ASSETS	\$ 11,716,684	17,136,591	28,853,274

The notes to the Financial Statements are an integral part of this statement.

CITY OF INGLESIDE, TEXAS
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

		Program Revenues	
		Charges For	Operating
	Expenses	Services	Grants and Contributions
<u>Primary Government:</u>			
GOVERNMENTAL ACTIVITIES:			
10 General Government	\$ 1,074,108	-	-
21 Public Safety	1,682,808	164,609	-
31 Public Works	1,633,584	947,953	-
50 Culture and Recreation	859,277	-	-
65 Economic Development and Assistance	1,207,187	-	795,490
73 Bond Interest	100,106	-	-
TOTAL PRIMARY GOVERNMENT	\$ <u>6,557,069</u>	<u>1,112,562</u>	<u>795,490</u>
BUSINESS-TYPE ACTIVITIES:			
701 Utility Fund	\$ 3,330,545	4,026,661	-
Total Business Type Activities:	\$ <u>3,330,545</u>	<u>4,026,661</u>	<u>-</u>

General Revenues:

Taxes:

Property Taxes, Levied for Debt Service, Penalty, Int.

Sales Taxes

Franchise Taxes

Other Taxes

Licenses and Permits

Grants and Contributions not Restricted

Sundry Revenue

Investment Earnings

Transfers In (Out)

Total General Revenues and Transfers

Change in Net Assets

Net Assets - Beginning

Prior Period Adjustment

Net Assets - Ending

The notes to the Financial Statements are an integral part of this statement.

EXHIBIT B-1

Net (Expense) Revenues and Changes in Net Assets			
Primary Government			
	Governmental Activities	Business-type Activities	Total
\$	(1,074,108)	-	(1,074,108)
	(1,518,198)	-	(1,518,198)
	(685,632)	-	(685,632)
	(859,277)	-	(859,277)
	(411,697)	-	(411,697)
	(100,106)	(137,919)	(238,024)
\$	<u>(4,649,018)</u>	<u>(137,919)</u>	<u>(4,786,936)</u>
	-	696,116	696,116
	<u>-</u>	<u>558,197</u>	<u>696,116</u>
\$	2,757,313	-	2,757,313
	1,212,971	-	1,212,971
	396,549	-	396,549
	18,054	-	18,054
	108,655	-	108,655
	170,551	-	170,551
	302,328	17,000	319,328
	969	2,596	3,566
	(37,218)	37,218	-
\$	<u>4,930,173</u>	<u>56,814</u>	<u>4,986,987</u>
	<u>281,155</u>	<u>615,011</u>	<u>896,166</u>
	11,435,529	16,521,579	27,957,108
	-	-	-
\$	<u>11,716,684</u>	<u>17,136,591</u>	<u>28,853,274</u>

CITY OF INGLESIDE, TEXAS
BALANCE SHEET
GOVERNMENT FUNDS
SEPTEMBER 30, 2011

EXHIBIT C-1

	General	Local Redevelopment Authority Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and Texpool Accounts	2,361,595	-	587,015	2,948,609
Receivables and Allowances:				
Accounts				
Assesments, Fees and Other	5,310	-	-	5,310
Hotel-Motel Tax/Other	6,176	-	64,732	70,908
Inventory	14,224	-	-	14,224
Due From Other Governmental Agencies				
Sales Taxes and Other	216,418	-	129,986	346,405
Ad Valorem Taxes	264,922	-	69,950	334,871
Allowance for Uncollectible Taxes	(190,589)	-	(33,370)	(223,959)
Due From Other Funds	82,603	-	17,822	100,425
Prepaid Items	10,663	-	-	10,663
TOTAL ASSETS	2,771,322	-	836,135	3,607,458
LIABILITIES AND FUND BALANCE				
Accounts Payable	301,416	-	19,901	321,317
Other Payables	-	-	-	-
Due to Other Funds	1,037,305	-	83,154	1,120,458
Deferred Revenues	76,833	-	37,233	114,065
TOTAL LIABILITIES	1,415,553	-	140,287	1,555,840
FUND BALANCE				
Reserve for Inventory	14,224	-	-	14,224
Reserve for Prepaid Items	10,663	-	-	10,663
Reserve for Public Safety/Works	-	-	28,184	28,184
Reserve for Tourism and Development	-	-	597,791	597,791
Reserve for Debt Service	-	-	69,872	69,872
Unreserved				-
Committed Fund Balance - Economic	-	(0)	-	(0)
Committed Fund Balance - Compensated	67,647	-	-	67,647
Undesignated	1,263,234	-	-	1,263,234
TOTAL FUND BALANCE	1,355,770	(0)	695,848	2,051,617
TOTAL LIABILITIES AND FUND BALANCE	2,771,322	(0)	836,135	3,607,458

CITY OF INGLESIDE, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET TO THE STATEMENT OF NET ASSETS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

Exhibit C-2

Total Fund Balances - Governmental Funds	\$ 2,051,617
The City uses internal service funds to charge the costs of certain activities, such as self-insurance and printing, to appropriate functions in other governmental funds. The assets and liabilities of the internal service funds are included in governmental funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets. The net effect of this consolidation is to increase (decrease) net assets.	-
Capital assets are used in governmental activities are not financial resources and therefore are not reported in governmental funds. The net effect of including these balances for capital assets (net of depreciation) in the governmental activities is to increase net assets. At the beginning of the year, the costs of these assets were: <u>\$ 19,453,536</u> and the accumulated depreciation was: <u>\$ (7,840,911)</u> . In addition, long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase (decrease) net assets -- <u>(305,579)</u> .	9,456,046
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the governmental-wide financial statements. The net effect of including the 2011 capital outlays and debt principal payments is to increase (decrease) net assets.	734,868
The 2011 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net assets.	(639,913)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, eliminating interfund transactions, reclassifying the proceeds of bond sales as an increase in bonds payable, and the recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase (decrease) net assets.	114,065
Net assets of Governmental Activities	<u>\$ 11,716,684</u>

The accompanying notes are an integral part of this statement.

CITY OF INGLESIDE, TEXAS

EXHIBIT C-3

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2011

	General	Local Redevelopment Authority Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	3,488,251	-	902,942	4,391,193
Licenses and Permits	108,655	-	-	108,655
Intergovernmental	6,137	795,486	164,417	966,041
Charges for Services	947,953	-	-	947,953
Fines and Penalties	164,609	-	-	164,609
Interest	-	-	969	969
Other	236,078	4	66,246	302,328
TOTAL REVENUES	4,951,684	795,490	1,134,575	6,881,749
EXPENDITURES				
Current				
General Administration	992,824	-	-	992,824
Cutural and Recreational, Tourism/Advertising/Training	516,986	-	102,718	619,703
Public Safety	1,885,381	-	-	1,885,381
Economic Development	50,696	777,575	209,970	1,038,241
Public Works	1,243,998	-	516,773	1,760,770
Debt Service				
Principal Retirement	-	-	255,000	255,000
Interest and Fiscal Charges	-	-	100,106	100,106
TOTAL EXPENDITURES	4,689,884	777,575	1,184,566	6,652,024
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	261,800	17,915	(49,991)	229,724
OTHER FINANCING SOURCES (USES)				
Transfers from Other Funds	517,915	-	329,870	847,785
Transfer to Other Funds	(698,179)	(17,915)	(168,909)	(885,003)
TOTAL OTHER FINANCING SOURCES (USES)	(180,264)	(17,915)	160,961	(37,218)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	81,536	(0)	110,970	192,507
FUND BALANCE (Deficit), beginning of year	1,274,233	-	584,877	1,859,111
Prior Period Adjustment	-	-	-	-
FUND BALANCE, end of year	1,355,770	(0)	695,848	2,051,617

CITY OF INGLESIDE, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

Exhibit C-4

Total Net Change in Fund Balances - Governmental Funds	\$ 192,507
---	-------------------

The City uses some internal service funds to charge the costs of certain activities primarily to the governmental funds. The net income (loss) of these internal service funds are reported with governmental activities. The net effect of this consolidation is to increase (decrease) net assets.	-
--	---

Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of removing the 2011 capital outlays and debt principal payments is to increase (decrease) net assets.	734,868
---	---------

Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net assets.	(639,913)
---	-----------

Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to the accrual basis of accounting. These include recognizing deferred revenue as revenue adjusting current year revenue to show the revenue earned from the current year's tax levy, eliminating interfund transactions, reclassifying the proceeds from bond sales, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions as to increase (decrease) net assets.	(6,307)
--	---------

Change in Net Assets of Governmental Activities	\$ <u>281,155</u>
--	--------------------------

The accompanying notes are an integral part of this statement.

CITY OF INGLESIDE, TEXAS

EXHIBIT C-5

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-

BUDGET (GAAP) AND ACTUAL

YEAR ENDED SEPTEMBER 30, 2011 WITH COMPARATIVE ACTUAL AMOUNTS FOR 2010

	2011				2010
	BUDGETED AMOUNTS			Variance With Final Budget Positive/Negative	
	Original	Final	Actual		Actual
REVENUES					
Taxes	3,290,411	3,405,128	3,488,251	83,123	3,333,720
Licenses and Permits	34,350	34,350	108,655	74,305	41,350
Intergovernmental	5,950	5,950	6,137	187	20,928
Charges for Services	949,250	949,250	947,953	(1,297)	969,647
Fines and Penalties	153,500	153,500	164,609	11,109	154,405
Other	41,148	41,148	236,078	194,930	94,099
Total Revenues	4,474,609	4,589,326	4,951,684	362,358	4,614,149
EXPENDITURES					
Current					
General Administration	958,331	999,831	992,824	7,007	991,669
Public Safety	1,961,424	1,961,424	1,885,381	76,043	2,007,434
Public Works	1,373,710	1,373,710	1,243,998	129,712	1,384,741
Culture and Recreation	676,519	606,505	516,986	89,519	566,445
Economic Development	-	70,014	50,696	19,318	122,567
Total Expenditures	4,969,984	5,011,484	4,689,884	321,600	5,072,856
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(495,375)	(422,158)	261,800	683,958	(458,707)
OTHER FINANCING SOURCES (USES)					
Transfers From Other Funds	518,347	518,347	517,915	(432)	951,238
Transfers (To) Other Funds	0	(100,000)	(698,179)	(598,179)	0
Transfers From (To) Other Funds	518,347	418,347	(180,264)	(598,611)	951,238
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	22,972	(3,811)	81,536	85,347	492,531
FUND BALANCE, beginning of year	1,274,233	1,274,233	1,274,233	-	781,702
Prior Period Adjustment	-	-	-	-	-
FUND BALANCE, end of year	1,297,205	1,270,422	1,355,770	85,347	1,274,233



CITY OF INGLESIDE, TEXAS
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
SEPTEMBER 30, 2011

EXHIBIT D-1

	Business-Type Activities Enterprise Fund Utility Fund	Governmental Activities- Internal Service Fund
ASSETS		
Current Assets:		
Cash and Cash Equivalents	2,561,999	-
Receivables and Allowances Accounts		
Water and Wastewater Billings	528,502	-
Assessments	9,449	-
Other	1,129	-
Allowance for Uncollectible Accounts	(173,608)	-
Due from Other Funds	1,020,583	-
Bond Issue Cost (Net)	215,738	-
Prepaid Items	3,552	-
Inventory	75,845	-
Total Current Assets	4,243,188	-
Non-Current Assets:		
Restricted Assets:		
Cash and Cash Equivalents		
Meter Deposits/Bond Projects	1,457,089	-
Revenue Bond Reserves/Sinking Fund	390,322	-
Total Non-Current Assets	1,847,411	-
Capital Assets		
Land	329,494	-
Construction in Progress	123,482	-
Buildings	452,301	-
Water System	6,445,654	-
Sewer System	20,438,494	-
Vehicles	791,174	-
Furniture and Equipment	248,189	-
Total Capital Assets	28,828,789	-
Less Accumulated Depreciation	(12,735,285)	-
Net Capital Assets	16,093,503	-
TOTAL ASSETS	22,184,103	-

CITY OF INGLESIDE, TEXAS
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
SEPTEMBER 30, 2011

EXHIBIT D-1
continued

	Business-Type Activities Enterprise Fund <u>Utility Fund</u>	Governmental Activities- Internal Service Fund <u>Fund</u>
LIABILITIES		
Current Liabilities		
Accounts Payable	304,755	-
Accrued Liabilities	207,262	-
Compensated Absences	13,290	-
Due to Other Funds	551	-
Other Payables	-	-
Capital Leases Payable	-	-
Current Portion of Revenue Bonds Payable	240,000	-
Customer Meter Deposits	146,655	-
	<u>912,512</u>	<u>-</u>
Total Current Liabilities		
	<u>912,512</u>	<u>-</u>
Liabilities (Payable from Restricted Assets):		
Long-Term Liabilities		
Revenue Bonds Payable	4,135,000	-
Total Long-Term Liabilities	<u>4,135,000</u>	<u>-</u>
Total Liabilities	<u>5,047,512</u>	<u>-</u>
NET ASSETS		
Invested in Capital Assets, Net of Related Debt	13,565,915	-
Restricted for:		
Revenue Bond Retirement	390,321	-
Commitments	145,571	-
Unrestricted	3,034,784	-
Net Assets	<u>17,136,591</u>	<u>-</u>

The accompanying notes to financial statements are an integral part of this statement.

CITY OF INGLESIDE, TEXAS

EXHIBIT D-2

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2011

	Business-Type Activities Enterprise Fund Utility Fund	Governmental Activities- Internal Service Fund
OPERATING REVENUES		
Water Sales	2,320,344	-
Sewer Sales	1,500,956	-
Other Fees and Charges	205,361	-
Total Operating Revenues	<u>4,026,661</u>	<u>-</u>
OPERATING EXPENSES		
Personnel Costs	735,828	-
Contracted Services	377,409	-
Supplies	96,564	-
Maintenance	190,507	-
Self Insurance Claims & Administration	-	-
Other Operating Expenses	118,418	-
Water Purchased	1,074,853	-
Depreciation	713,296	-
Amortization	23,670	-
Total Operating Expenses	<u>3,330,545</u>	<u>-</u>
Net Operating Income	<u>696,116</u>	<u>-</u>
NON-OPERATING REVENUES (EXPENSES)		
Sale of Assets	17,000	-
Refunding Bonds Issued	-	-
Payments to Escrow Agents	-	-
Grant Income	-	-
Interest Income	2,596	-
Interest and Fiscal Charges	(137,919)	-
Net Non-Operating Revenues (Expenses)	<u>(118,322)</u>	<u>-</u>
Income Before Transfers	<u>577,794</u>	<u>-</u>
Transfers in	887,959	-
Transfers (out)	(850,741)	-
Total Transfers in (out)	<u>37,218</u>	<u>-</u>
Change in Net Assets	<u>615,011</u>	<u>-</u>
Prior Period Adjustment	<u>-</u>	<u>-</u>
NET ASSETS BEGINNING OF YEAR	<u>16,521,579</u>	<u>-</u>
NET ASSETS END OF YEAR	<u><u>17,136,591</u></u>	<u><u>-</u></u>

CITY OF INGLESIDE, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED SEPTEMBER 30, 2011

EXHIBIT D-3

	Business-Type Activities Enterprise Fund Utility Fund	Governmental Activities- Internal Service Fund
Cash flow from operating activities:		
Cash received from customers	3,879,688	-
Cash received from other funds for services	-	-
Cash payments to suppliers for goods and services	(1,678,906)	-
Cash payments to employees for services	(737,110)	-
Other adjustments	-	-
Net cash provided by operating activities	1,463,671	-
Cash flows from noncapital financing activities:		
Transfers to other funds	37,218	-
Cash Flows from Capital and Related Financing Activities:		
Net Refunds bonds/costs	1,350,000	-
Grant Proceeds	-	-
Principal Payment on bonds	(270,000)	-
Interest and Fiscal Charges Paid	(137,919)	-
Purchase of Capital Assets	(81,926)	-
Prior period adjustment	17,000	1
Net Cash (Used) Generated for Capital and Related Financing Activities	877,156	1
Cash Flows from Investing Activities- Interest Income	2,596	-
Net Increase (Decrease) in Cash and Cash Equivalents	2,380,641	1
Cash and Cash Equivalents at Beginning of Year	2,028,770	-
CASH AND CASH EQUIVALENTS AT END OF YEAR	4,409,411	1
Reconciliation of Operating Income to Net Cash		
Operating Activities		
Operating Income	696,116	-
Adjustments to Reconcile Operating Income to Net Cash		
Provided by Operating Activities:		
Depreciation	713,296	-
Amortization	23,670	-
Change in Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable (Net)	(117,091)	-
(Increase) Decrease in Due from Other Funds	(11,577)	-
(Increase) Decrease in Due from Other Governments	-	-
(Increase) Decrease in Prepaid Items	6,091	-
(Increase) Decrease in Inventory	(24,396)	-
Increase (Decrease) in Accounts Payable	(14,912)	-
Increase (Decrease) in Accrued Liabilities	182,161	-
Increase (Decrease) in Due to Other Funds	551	-
Increase (Decrease) in Capital Leases Payable	-	-
Increase (Decrease) in Compensated Absences	(1,282)	-
Increase (Decrease) in Customer Deposits	11,045	-
Net Cash Provided by Operating Activities	1,463,671	-



NOTES TO FINANCIAL STATEMENTS

**CITY OF INGLESIDE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2011**

I SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Ingleside, Texas, (the "City") was incorporated on June 18, 1951 under the provisions of the laws for the State of Texas. The City operates under a charter with a Council-Manager type of government where the Mayor and six Council members are elected on a rotating schedule. Prior to 2010, members were elected at large, after 2010 members are elected under a place format. The City provides the following services: public safety (police and fire), highways and streets, sanitation, waterworks, cultural and recreation, public improvements, planning and zoning, and general and administrative services. In evaluating how to define the City for financial reporting purposes, management has considered all potential component units. As required by generally accepted accounting principles, these financial statements present the City and its component units, entities for which the City is considered financially accountable. Blended component units, although legally separate entities are, in substance, part of the City operations and so data from these units are combined with data from the City. If applicable, discretely presented units are reported in a separate column in the combined financial statements to emphasize they are legally separate from the City.

Blended Component Units

The City of Ingleside Development Corporation (the Corporation) was formed to promote economic development within the City and to administer the distribution of the proceeds of any development bonds issued and certain development sales taxes received on behalf of the City. The City Council appoints a seven-member board of directors of which four are council members. The operational and capital budget must be approved by the City Council. Due to the financial interdependency of the Corporation, it is a blended component unit reported as a special revenue fund. The Corporation does not issue separate financial statements. Additional financial information can be obtained at City Hall.

On April 8, 2009, the City Council adopted Resolution 950 creating the Ingleside Local Development Corporation for the purpose of facilitating the development, assisting and acting on behalf of the City to cause and arrange for the design, development, construction, implementation financing and operation of a master planned community with an architecturally controlled commercial town center on a 1200 acre tract within the City of Ingleside. The public improvements within this tract will be funded through the creation of the Ingleside Tax Increment Reinvestment Zone #1. The TIRZ#1 will collect 65% of the ad valorem tax collections on the incremental value above the 2006 base value of the property in the amount of \$2,932,154.

Discretely Presented Component Unit

There are no component units, which require discrete presentation

**CITY OF INGLESIDE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2011**

Related and Jointly Governed Organizations

Organizations that are administered by separate boards or commissions provide services within the City. However, the City is not financially accountable for these organizations. Therefore, they are not component units of the City, even if the City Council could appoint a voting majority of the organizations' board. Consequently, financial information for the Coastal Bend Council of Governments and in the Ingleside Chamber of Commerce is not included in these financial statements.

The City complies with Generally Accepted Accounting Principles (GAAP). The City's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. Enterprise funds apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails.

B. Government-wide and fund financial statements

The government-wide financial statements (the statement of net assets and the statement of activities) report information on all of the activities of the City. The effect of inter-fund activity, within the governmental and business-type activities columns, has been removed from these statements. However, any inter-fund services provided and used are not eliminated in the process of consolidation. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given program and 2) operating or capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements:

The City segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Separate statements are presented for governmental and proprietary activities. These statements present each major fund as a separate column on the fund financial statements; all non-major funds are aggregated and presented in a single column.

Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses and balances of current financial resources. The City has presented the following major governmental funds:

**CITY OF INGLESIDE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2011**

General Fund-

The General Fund is the main operating fund of the City. This fund is used to account for all financial resources not accounted for in other funds. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are paid from the General Fund.

Proprietary Funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives are determinations of net income, financial position and cash flow. All assets and liabilities are included on the Statement of Net Assets. The City has presented the following major proprietary funds:

Utility Fund-

The Utility Fund is used to account for the provision of water and sewer services to the residents of the City. Activities of the fund include administration, operations and maintenance of the water and sewer system and billing and collection activities. The fund also accounts for the accumulation of resources for, and the payment of, long-term debt principal and interest for water and sewer debt. All costs are finance through charges to utility customers with rates reviewed regularly and adjusted if necessary to ensure integrity of the funds.

Additionally, the City reports the following fund types:

Internal Service Fund-

The Self-Funded Insurance Service Fund is used to account for the provision of group health and dental insurance coverage for all eligible City employees.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for the proprietary funds include the cost of personal and contractual services, supplies and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Effective June 1, 2009, the City discontinued the City's self insurance program. The City has contracted with TML to provide group health and dental insurance for eligible City employees.

**CITY OF INGLESIDE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2011**

C. Measurement Focus/Basis of Accounting

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide statements and fund financial statements for proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net assets and the operating statements present increases (revenues) and decreases (expenses) in net total assets. Under the accrual basis of accounting, revenues are recognized when earned, including unbilled water and sewer services which are accrued. Expenses are recognized at the time the liability is incurred.

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e., when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City considers revenue as available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred. However, debt services expenditures, except for interest payable accrued at the debt issuance date for which cash is received with the debt proceeds, as well as expenditures related to compensated absences are recorded only when payment has matured and will be payable shortly after year-end.

The revenues susceptible to accrual are property taxes, franchise fees, licenses, charges for service, interest income and intergovernmental revenues. Sales taxes collected and held by the state at year-end on behalf of the government are also recognized as revenue. All other governmental fund revenues are recognized when received, as they are deemed immaterial.

D. Encumbrances/Commitments

Encumbrances represent commitments related to unperformed contracts for goods and services. Encumbrance accounting under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation is not utilized by the City's accounting system. Encumbrances outstanding at year end are reported as reservations of fund balances and do not constitute expenditure or liabilities until the commitments are honored by inclusion in the subsequent year's budget. There are no significant encumbrances outstanding at September 30, 2011.

Committed Fund Balances -- Obligations of a fund for a future period(s) have been shown as a commitment of Fund Balance.

**CITY OF INGLESIDE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2011**

E. Cash and Investments

The City can legally invest in certificates of deposit, obligations of the U.S. Government and its Agencies or instrumentalities, State obligations, local government investment pools and certain money market funds.

The City has implemented GASB Statement 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools." As a governmental entity other than an external investment pool, in accordance with GASB 31 the City's investments are stated at market value, except for money market investments with remaining maturity of one year or less when purchased and nonparticipating interest earning investment contracts.

For purposes of the statement of cash flows, the enterprise and internal service funds consider cash on hand, demand deposits, and short-term investments with original maturities of three months or less when purchased to be cash and cash equivalents.

F. Prepaid Items

Prepaid balances are for payments made by the City in the current year to provide services occurring in the subsequent fiscal year, and the reserve for prepaid items has been recorded to signify that a portion of fund balance is not available for other subsequent expenditures.

G. Inventories

Inventories in the Proprietary Funds are valued at cost, which approximates market, using the first in/first out (FIFO) method. The costs of governmental fund type inventories are recorded as expenditures when consumed rather than when purchased.

H. Inter-fund Receivables and Payables

Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

I. Transactions Between Funds

Legally authorized transfers are treated as inter-fund transfers and are included in the results of operations of both Governmental and Proprietary Funds.

**CITY OF INGLESIDE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2011**

J. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary funds. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized. Interest has been capitalized during the construction period on capital assets – See Note 11. Assets capitalized have an original cost of \$5,000 or more and over three years of useful life. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Buildings	10-50 Years
Water and Sewer System	20-50 Years
Infrastructure	20-30 Years
Machinery and Equipment	5-10 Years
Improvements	10-20 Years
Vehicles	5-10 Years

K. Compensated Absences

In proprietary fund types, accumulated unpaid compensated absences are accrued when incurred. The accruals are reported as liabilities and expenses for the year incurred. The liability in the governmental fund types is recorded only in the Government-wide Financial Statements. The amount expected to be paid from current resources is not considered to be significant. The City allows employees to accumulate up to a maximum of 960 hours of sick leave. However, sick days do not vest, and accordingly, employees can be paid sick leave only when sick. Since an employee's right to receive compensation for future absences is contingent upon the absences being caused by future illnesses and since amounts cannot be reasonably estimated, a liability for unused sick leave is not recorded in the financial statements. Up to 15 days of accumulated earned vacation will be paid to an employee upon termination.

L. Net Assets and Fund Equity, Commitments

In the government-wide financial statements and proprietary funds financial statements, net assets are reported in three categories: net assets invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. Net assets invested in capital assets, net of related debt represents capital assets less accumulated depreciation less outstanding principal of related debt.

Committed Fund Equity/Net Assets – Obligations of fund equity/net assets for a future period(s) have been shown as a commitment of Fund Equity/Net Assets.

**CITY OF INGLESIDE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2011**

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

M. Use of Estimates

The preparation of basic financial statements in conformance with GAAP requires management to make estimates and assumptions that affect the amount reported in the basic financial statements and accompanying notes. Actual results may differ from those estimates.

II Reconciliation of Government-wide and fund financial statements

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets.

Exhibit C-2 provides the reconciliation between the fund balance for total governmental funds on the governmental fund balance sheet and the net assets for governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that capital assets are not financial resources and are therefore not reported in governmental funds. In addition, long-term liabilities, including bonds payable, are not due and payable in the current period and are not reported as liabilities in the funds. The details of capital assets and long-term debt at the beginning of the year were as follows:

<u>Capital Assets</u> <u>at the Beginning of the year</u>	<u>Historic Cost</u>	<u>Accumulated</u> <u>Depreciation</u>	<u>Net Value at the</u> <u>Beginning of the</u> <u>Year</u>	<u>Change in Net</u> <u>Assets</u>
Land	3,836,406	-	3,836,406	
Buildings	5,311,934	(1,225,809)	4,086,125	
Furniture & Equipment	3,899,544	(2,151,213)	1,748,331	
Construction in Progress	-	-	-	
Infrastructure	<u>6,405,652</u>	<u>(4,463,889)</u>	<u>1,941,763</u>	
Change in Net Assets	19,453,536	(7,840,911)		<u>11,612,625</u>
 <u>Long-term Liabilities</u>				
<u>at the Beginning of the year</u>				
Bonds and Loans Payable	2,096,000			
Comp. Absences & Other	<u>60,579</u>			
Change in Net Assets	2,156,579			<u>(2,156,579)</u>
Net Adjustment to Net Assets				<u>9,456,046</u>

**CITY OF INGLESIDE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2011**

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities.

Exhibit C-4 provides the reconciliation between the net changes in fund balance as shown on the governmental fund statement of revenues, expenditures, and changes in fund balances and the changes in net assets of governmental activities as reported on the government-wide statement of activities. One element of that reconciliation explains that current year capital outlays and debt principal payments are expenditures in the fund financial statements, but should be shown as increases in capital assets and decreases in long-term debt in the government-wide statements. This adjustment affects both the net asset balance and the change in net assets. The details of this adjustment are as follows:

	<u>Amount</u>	<u>Adjustments to Changes in Net Assets</u>	<u>Adjustments to Net Assets</u>
<u>Current Year Capital Outlay</u>			
Land			
Buildings & Improvements	27,162	27,162	27,162
Furniture & Equipment	374,320	374,320	374,320
Infrastructure	85,455	85,455	85,455
Construction in Progress			
Total Capital Outlay	<u>486,937</u>	<u>486,937</u>	<u>486,937</u>
<u>Debt Principal Payments</u>			
Bond Principal – net	247,931	247,931	247,931
Loan Principal			
Capital Lease Payments			
Other			
Total Principal Payments	<u>247,931</u>	<u>247,931</u>	<u>247,931</u>
Total Adjustment to Net Assets	<u>734,868</u>	<u>734,868</u>	<u>734,868</u>

Another element of the reconciliation on Exhibit C-4 is described as various other reclassifications and eliminations necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. This adjustment is the result of several items. The details for this element are as follows:

	<u>Amount</u>	<u>Adjustments to Change in Net Assets</u>	<u>Adjustments to Net Assets</u>
<u>Adjustments to Revenue and Deferred Revenue</u>			
Taxes Collected from Prior Year Levies	114,065	114,065	114,065
Uncollected taxes(assumed collectible) from Current Year			
Levy			
Uncollected Taxes (assumed collectible) from Prior Year	120,372	(120,372)	
Levy			
Other			
Total		(6,307)	<u>114,065</u>

**CITY OF INGLESIDE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2011**

III Stewardship, Compliance and Accountability

I CASH AND INVESTMENTS

Legal and Contractual Provisions Governing Deposits and Investments

The Public Funds Investment Act (Texas Government Code Charter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the City to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities (9) and bid solicitation preferences for certificates of deposit. Statutes authorize the City to invest in (1) obligations of the U.S. Treasury, certain U.S. Agencies, and the State of Texas; (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, and (10) common trust funds. The Act also requires the City to have independent auditors perform test procedures related to investment practices as provided by the Act. The City is in substantial Compliance with the requirements of the Act and with local policies.

A. Cash Deposits

At September 30, 2011, the carrying amount of the City's deposits (cash, Tex-Pool, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$7,358,019 and the bank balance was \$7,357,094. The City's cash deposits at September 30, 2011 and during the period ended September 30, 2011, were entirely covered by FDIC insurance or by pledged collateral held by the City's agent bank in the City's name.

B. Investments

As of September 30, 2011, the City had the following investments and maturities:

Investment Maturities (In Years)				
<u>Investment Type</u>	<u>Fair Value</u>	<u>Less than 1</u>	<u>1 to 2</u>	<u>2 to 3</u>
U.S. Treasury Money Markets	-	-	-	-
Investment Pools:				
Investment in Tex-Pool	<u>6,223,728</u>	<u>6,223,728</u>	<u>-</u>	<u>-</u>
Total Fair Value	<u>6,223,728</u>	<u>6,223,728</u>	<u>-</u>	<u>-</u>

**CITY OF INGLESIDE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2011**

Interest Rate Risk- In accordance with state law and City policy, the City does not purchase any investments with maturities greater than 10 years.

Credit Risk- In accordance with state law and the City's investment policy, investments in mutual funds and investment pools must be rated at least AAA, commercial paper must be rated at least A-1 or P-1, and investments in obligations from other states, municipalities, countries, etc. must be rated at least A. The City's investments in investment pools were rated AAA.

Concentration of Credit Risk- the City does not place a limit on the amount the City may invest in any one issuer. The City does not have a concentration of credit risk.

Custodial Credit Risk- For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City does not have a custodial credit risk.

2. CAPITAL ASSETS

Capital assets activity for the year ended September 30, 2011, was as follows:

**CITY OF INGLESIDE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2011**

	Balance October 1 st	Additions/ Completion	Retirements/ Adjustments	Balance 30-Sep
Governmental Activities				
Capital assets, not being depreciated				
Land	\$3,836,406	-	-	\$3,836,406
Construction in Progress	0	-	-	0
Total capital assets, not being depreciated	\$3,836,406	-	-	\$3,836,406
Capital assets, being depreciated				
Building and Improvements	5,311,934	27,885	20	5,339,839
Machinery and Equipment	2,909,118	374,320	-	3,283,438
Furniture and Fixtures	990,426	-	-	990,426
Infrastructure	6,405,652	85,455	-	6,491,107
Total capital assets, being depreciated	\$15,617,130	487,660	20	\$16,104,810
Less accumulated depreciation for:				
Buildings and Improvements	(1,225,809)	(138,132)	-	(1,363,941)
Machinery and Equipment	(1,963,339)	(279,090)	-	(2,242,429)
Furniture and Fixtures	(187,874)	(53,745)	-	(241,619)
Infrastructure	(4,463,889)	(168,946)	(743)	(4,633,578)
Total accumulated Depreciation	(\$7,840,911)	(639,913)	(743)	(\$8,481,567)
Total capital assets, being depreciated, net	\$7,776,219	(152,253)	(723)	\$7,623,243
Governmental activities capital assets, net	11,612,625	(152,253)	(723)	\$11,459,649
Business-type Activities:				
Capital assets, not being depreciated				
Land	\$329,494	-	-	\$329,494
Construction in Progress	97,000	26,482	-	123,482
Total capital assets, not being depreciated	\$426,494	26,482	-	\$452,976
Capital assets, being depreciated				
Buildings	452,300	-	-	452,301
Water System	6,445,654	-	-	6,445,654
Sewer System	20,438,494	-	-	20,438,494
Vehicles	772,674	18,500	-	791,174
Furniture and Equipment	239,746	8,442	-	248,188
Total capital assets, being depreciated	28,348,869	26,942	-	28,375,811
Less accumulated depreciation for:				
Buildings	(362,729)	(11,768)	-	(374,497)
Water System	(3,482,692)	(169,175)	-	(3,651,867)
Sewer System	(7,231,319)	(521,569)	-	(7,752,888)
Vehicles	(194,810)	(4,817)	-	(200,777)
Furniture and Equipment	(750,437)	(5,966)	-	(755,254)
Total accumulated depreciation	(12,021,988)	(713,295)	-	(12,735,283)
Total capital assets, being depreciated, net	\$16,326,881	(686,353)	-	\$15,640,528
Business-type activities capital assets, net	\$16,753,375	(686,353)	-	\$16,093,504

**CITY OF INGLESIDE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2011**

Depreciation expense was charged as direct expense to programs of the primary government as follows:

Governmental activities:	
General government and administration	74,215
Cultural and recreational	112,485
Public Safety	239,574
Public Works	44,693
Streets-Infrastructure	<u>168,946</u>
Total depreciation expense- Governmental activities	<u>639,913</u>
Business-type activities:	
Water	180,451
Sewer	532,844
Total depreciation expense- Business-type activities	<u>713,295</u>

3. LONG-TERM DEBT

At September 30, 2011, bonds payable consisted of the following individual issues:

	<u>Governmental</u>	<u>Business-type</u>
1997-A Combination Tax and Limited Pledge Revenue Of Obligation, due in annual installments through February 1, 2017, bearing interest rates of 4.6% to 5.35%. (Original Debt \$1,000,000)	460,000	--
1997 Combination Tax and Limited Pledge Revenue Certificate of Obligation, due in annual installments Through February 1, 2037, bearing interest rates of 4.875%. (Original Debt \$951,000)	806,000	--
2002 Combination Tax and Limited Pledge Revenue Certificates of Obligation, due in annual installments Through February 1, 2020, bearing interest rates of 4.7% to 5.5%. (Original Debt \$1,200,000)	450,000	--
2002 Waterworks and Sewer System Revenue Bonds, Due in annual installments through February 1, 2022, Bearing interest rates of 2.15% to 4.35%. (Original debt \$2,915,000)	--	1,660,000
2002- A Waterworks and Sewer System Revenue Bonds, Due in annual installments through February 1, 2015, Bearing interest rates of 4.75% to 5.9%. (Original debt \$285,000)	--	110,000

CITY OF INGLESIDE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2011

2003 General Obligation Refunding Bonds, due in annual Installments through February 15, 2012, bearing interest Rates of 2.25% to 3.5% (Original Debt \$2,310,000)	125,000	--
2007 Utility System Combination Tax and Revenue Bonds, due in annual Installments through February 1, 2020, bearing interest Rate of 4.50% (Original debt \$1,670,000)	--	1,255,000
2011 Utility System Certificate of Obligations, due in annual Installments through February 1, 2024, bearing interest Rate of 3.12% (Original debt \$1,350,000)	--	<u>1,350,000</u>
Total Bonds Payable	<u>1,841,000</u>	<u>4,375,000</u>

LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities reported in the government-wide financial statements for the year ended September 30, 2011:

	BALANCE			BALANCE	DUE WITHIN ONE YEAR
	1-Oct	ADDITIONS	REDUCTIONS	30-Sep	
GOVERNMENTAL ACTIVITIES					
General Obligation Bonds	\$245,000	\$ -	\$120,000	\$125,000	125,000
Certificates of Obligation	1,851,000	-	135,000	1,716,000	135,000
Compensated Absences	60,579	7,069	-	67,648	33,824
Health Claims Liability	<u>0</u>	<u>-</u>	<u>-</u>	<u>0</u>	<u>0</u>
Total Governmental Activities	<u>\$2,156,579</u>	<u>\$7,069</u>	<u>\$255,000</u>	<u>\$1,908,648</u>	<u>\$293,824</u>
BUSINESS-TYPE ACTIVITIES					
Revenue Bonds/Cert. of Obligations	\$3,295,000	\$1,350,000	270,000	\$4,375,000	\$240,000
Capital Leases	-	-	-	-	-
Compensated Absences	<u>14,572</u>	<u>-</u>	<u>1,282</u>	<u>13,290</u>	<u>6,645</u>
Total Business-Type Activities	<u>3,309,572</u>	<u>1,350,000</u>	<u>271,282</u>	<u>4,388,290</u>	<u>246,645</u>
Total Government	<u>\$5,466,151</u>	<u>\$1,357,069</u>	<u>526,282</u>	<u>\$6,296,938</u>	<u>\$540,469</u>

**CITY OF INGLESIDE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2011**

The annual requirements for bonds for years subsequent to September 30, 2011, are as follows:

YEAR ENDING 30-Sep	GOVERNMENTAL ACTIVITIES GENERAL CERTIFICATE OBLIGATIONS			BUSINESS-TYPE ACTIVITIES REVENUE BONDS		
	PRINCIPAL	INTEREST	TOTAL	PRINCIPAL	INTEREST	TOTAL
2012	260,000	85,459	345,459	240,000	164,343	404,343
2013	135,000	76,585	211,585	375,000	154,869	529,869
2014	145,000	69,600	214,600	400,000	139,565	539,565
2015	150,000	62,121	212,121	410,000	123,304	533,304
2016	150,000	54,482	204,482	395,000	107,257	502,257
Thereafter	<u>1,001,000</u>	<u>458,846</u>	<u>1,459,846</u>	<u>2,555,000</u>	<u>315,463</u>	<u>2,870,463</u>
TOTAL	<u>1,841,000</u>	<u>807,093</u>	<u>2,648,093</u>	<u>4,375,000</u>	<u>1,004,800</u>	<u>5,379,800</u>

RESTRICTED CASH AND INVESTMENTS- UTILITY FUND

Revenue Bonds-

Water and Sewer Revenue Bonds constitute special obligations of the City solely secured by a lien on the pledge of the net revenues of the water and sewer system.

The Revenue Bonds are collateralized by the revenue of the water and sewer system and the various special funds established by the bond ordinances. The ordinances provide that the revenue of the system is to be used first to pay operating and maintenance expenses of the system and second to establish and maintain the Revenue Bond funds. Remaining revenues may then be used for any lawful purpose. The ordinances also contain provisions which, among other items, restrict the issuance of additional Revenue Bonds unless the special funds noted above contain the required amounts. Management of the City believes that it is in the compliance with all significant financial requirements as of September 30, 2011.

The components of restricted cash and investments as of September 30, 2011 are as follows:

Meter Deposit Funds	\$ 145,571
Bond Funds	1,311,518
Revenue Bond Payment Reserve	200,298
Interest and Sinking Fund- Bonds	<u>190,024</u>
Total Restricted Cash and Investments	<u>\$ 1,847,411</u>

The City is fully funded in the Bond Reserve Fund and is in compliance with its bond ordinance.

**CITY OF INGLESIDE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2011**

Defeased Bonds Outstanding-

On July 11, 2007, the city issued Refunding Bonds, Series 2007 in the amount of \$1,670,000 to provide resources to purchase U.S. Government State and Local Series Securities that were placed in an irrevocable trust for the purpose of generating resources for portions of future debt service payments of certificate of obligation Series 2000. As a result, the bonds are considered to be defeased and the liability has been removed from the governmental and business type activities columns of the statement of net assets.

Authorized but Not Issued Debt-

None

CAPITAL LEASES

The City did not have any material or significant capital leases during the fiscal year.

Fiscal Year Ended September 30, 2011	Business-Type Activities
Total	-0-
Less amount representing interest	-0-

Present value of future lease payments	-0-

4. COMMITMENTS UNDER NONCAPITALIZED LEASES

Operating Leases:

The City leases equipment. Most of the leases are cancelable.

Minimum lease commitments for the next five years are immaterial.

**CITY OF INGLESIDE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2011**

5. INTERFUND TRANSACTIONS AND BALANCES

Interfund balances at September 30, 2011 consisted of the following individual fund balances:

	<u>Due From</u> <u>Other Funds</u>	<u>Due To</u> <u>Other Funds</u>
General Fund:		
Special Revenue Fund	83,154	127,817
Debt Service Fund	-	-
Capital Projects Fund	-	-
Enterprise Funds	-	910,038
Internal Service Fund	-	-
Total General Fund	<u>83,154</u>	<u>1,037,855</u>
Special Revenue Fund:		
General Fund	17,822	83,154
Special Revenue Funds	-	-
Total Special Revenue Fund	<u>17,822</u>	<u>83,154</u>
Debt Service:		
General Fund	-	-
Enterprise Funds	-	-
Internal Service Fund:		
General Fund	-	-
Enterprise Funds	-	-
Total Internal Service Fund	-	-
Enterprise Funds:		
General Fund	1,020,583	-
Debt Service	-	-
Enterprise Funds	-	550
Internal Service Funds	-	-
Total Enterprise Funds	<u>1,020,583</u>	-
TOTAL	<u>1,121,559</u>	<u>1,121,559</u>

The interfund balances at September 30, 2011 are generally short-term loans to cover temporary cash flows and reimbursements for various funds.

**CITY OF INGLESIDE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2011**

Interfund transfers during the year ended September 30, 2011 were as follows:

Transfer In	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Special Revenue Funds</u>	<u>Utility Fund</u>	<u>Internal Service Fund</u>	<u>Total</u>
Utility Fund	500,000	-	-	700,000	-	1,200,000
General Fund	-	-	329,870	-	-	329,870
Spec. Rev. Fund	17,915	-	-	19,051	-	36,966
Debt Service Fund	-	-	-	168,909	-	168,909
Internal Service Fund	-	-	-	-	-	-
Total	<u>517,915</u>	-	<u>329,870</u>	<u>887,959</u>	-	<u>1,735,744</u>
Less Transfers	<u>(698,179)</u>	-	<u>(186,824)</u>	<u>(850,741)</u>	-	<u>(1,735,744)</u>
Net Transfers	<u>(180,264)</u>	-	<u>143,046</u>	<u>37,218</u>	-	-

The Utility Fund transfers to the General Fund were for an allocated amount for administrative service charges, payments in lieu of taxes and the transfer from the Debt Service Fund to the Utility Fund for payments related to the Series 2007 Combination Revenue Bonds.

6. DISAGGRAGATION OF RECEIVABLES AND PAYABLES

Receivables at September 30, 2011, were as follows:

	<u>Property Taxes</u>	<u>Other Governments</u>	<u>Due From Other Funds</u>	<u>Other</u>	<u>Total Receivables</u>
Governmental Activities:					
General Fund – net	74,333	-	82,603	227,904	384,840
Major Gov. Funds	-	-	-	-	-
Nonmajor Gov. Funds - net	<u>36,580</u>	-	<u>17,822</u>	<u>194,718</u>	<u>249,120</u>
Total - Governmental Activities	<u>110,913</u>	-	<u>100,425</u>	<u>422,622</u>	<u>633,960</u>

Payables at September 30, 2011, were as follows:

	<u>Accounts Payable – Current Year</u>	<u>Loans, Leases and Bonds Payable –</u>	<u>Salaries and Benefits</u>	<u>Due To Other Funds</u>	<u>Due to Other Governments</u>	<u>Other</u>	<u>Total Payables</u>
Governmental Activities:							
General Fund	218,071	293,824	80,108	1,037,305	3,237	-	1,632,545
Major Gov. Fund	-	-	-	-	-	-	-
Nonmajor Gov. Funds	<u>19,901</u>	-	-	<u>83,153</u>	-	-	<u>103,054</u>
Total- Gov. Activities	<u>237,972</u>	<u>293,824</u>	<u>80,108</u>	<u>1,120,458</u>	<u>3,237</u>	-	<u>1,735,599</u>

**CITY OF INGLESIDE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2011**

7. PROPERTY TAXES

Property taxes attach as an enforceable lien on property as of January 1. Property taxes are levied on October 1 based on 100% of appraise value of property as listed on the previous January 1. Appraised values are determined by the San Patricio County Appraisal District; approved by the San Patricio County Appraisal Review Board; and certified by the Chief Appraiser. Property taxes are due upon receipt of the tax bill and are delinquent if not paid before February 1st of the year following the year in which imposed. The city does not offer a discount or early payment of taxes. The City's taxes are billed and collected by the San Patricio County Tax Office. Ad valorem taxes of \$2,592,123 were assessed on property values totaling \$373,974,749 using a tax rate of \$.6975 (\$0.57146 for general operations and \$0.12604 for debt service) per \$100 assessed value.

8. PENSION PLAN

Plan Description: The City of Ingleside provides pension benefits for all of its eligible employees (except firefighters and part – time personnel) through a non – traditional, joint contributory, hybrid defined benefit plan in the statewide Texas Municipal Retirement System (TMRS), an agent multiple – employer public employee retirement system. The plan provisions that have been adopted by the city are within the options available in the governing state statutes of TMRS.

TMRS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information (RSI) for TMRS; the report also provides detailed explanations of the contributions, benefits and actuarial methods and assumptions used by the System. This report may be obtained by writing to TMRS, P.O. Box 149153, Austin, TX 78714-9153 or by calling 800-924-8677; in addition, the report is available on TMRS' website at www.TMRS.com.

The provisions are adopted by the governing body of the City of Ingleside, within the options available in the state statutes governing TMRS. Plan provision for the City were as follows:

	Plan Year 2011	Plan Year 2010
Employee deposit rate	5.0%	5.0%
Matching ratio (city to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service retirement eligibility (expressed as age/ years of service)	60/5,0/20	60/5,0/20
Updated Service Credit	100% Repeating, Transfers	100% Repeating, Transfers
Annuity Increase (to retirees)	70% of CPI Repeating	70% of CPI Repeating

Contributions: Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Projected Unit Credit actuarial cost method. This rate consists of the normal cost contribution rate and the prior service cost contribution rate, which is calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the portion of an active member's projected benefit allocated annually; the prior service contribution rate amortizes the unfunded (overfunded) actuarial liability (asset) over the applicable period for that city. Both the normal cost and prior service contribution rates include recognition of the projected impact of annually repeating benefits, such as Updated Service Credits and Annuity Increases.

CITY OF INGLESIDE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2011

The City contributes to the TMRS Plan at an actuarially determined rate. Both the employees and the City make contributions monthly. Since the City needs to know its contribution rate in advance for budgetary purposes, there is a one-year delay between the actuarial valuation that serves as the basis for the rate and the calendar year when the rate goes into effect. The annual pension cost and net pension obligation (asset) are as follows:

1. Annual Required Contribution (ARC)	240,119
2. Interest on Net Pension Obligation	0
3. Adjustment to the ARC	0
4. Annual Pension Cost (APC)	240,119
5. Contributions Made	240,119
6. Increase (Decrease) in net pension obligation	0
7. Net Pension Obligation/(Asset), beginning of year	0
8. Net Pension Obligation/(Asset), end of year	0

Three year Trend Information

Fiscal Year Ending	Annual Pension Cost (APC)	Actual Contributions Made	Percentage of APC Contributed	Net Pension Obligation/(Asset)
2009	196,988	196,988	100%	0
2010	252,994	252,994	100%	0
2011	240,119	240,119	100%	0

The required contribution rates for fiscal year 2011 were determined as part of the December 31, 2008 and 2009 actuarial valuations. Additional information as of the latest actuarial valuation, December 2010, also follows:

Valuation Date	12/31/2008	12/31/2009	12/31/2010 Prior to restructuring	12/31/2010 Restructured
Actuarial Cost Method	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit
Amortization method	Level percent of payroll	Level percent of payroll	Level percent of payroll	Level percent of payroll
GASB 25 Equivalent Single Amortization Period	29 years – closed period	28.2 years – closed period	26.9 years – closed period	27 years – closed period
Amortization Period for new Gains/Losses	30 years	30 years	30 years	30 years
Asset Valuation Method	Amortized cost	10-year Smoothed Market	10-year Smoothed Market	10-year Smoothed Market
Actuarial Assumptions				
Investment Rate of Return	7.0%	7.5%	7.5%	7.0%
Projected Salary Increases	Varies by age and service	Varies by age and service	Varies by age and service	Varies by age and service
Inflation	3.00%	3.00%	3.00%	3.00%
Cost-of-living adjustments	2.1%	2.1%	2.1%	2.1%

**CITY OF INGLESIDE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2011**

Funded Status and Funding Progress In June, 2011, SB 350 was enacted by the Texas Legislature, resulting in a restructure of the TMRS funds. This legislation provided for the actuarial valuation to be completed, as if restructuring had occurred on December 31, 2010. In addition, the actuarial assumptions were updated for the new fund structure, based on an actuarial experience study that was adopted by the TMRS Board at their May, 2011 meeting (the review compared actual to expected experience for the four-year period of January 1, 2006 through December 31, 2009). For a complete description of the combined impact of the legislation and new actuarial assumptions, including the effects on TMRS city rates and funding ratios, please see the December 31, 2010 TMRS Comprehensive Annual Financial Report (CAFR).

The funded status as of December 31, 2010, the most recent actuarial valuation date, is as follows:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Funded Ratio	Unfunded AAL (UAAL)	Covered Payroll	UAAL as of Percentage of Covered Payroll
	(1)	(2)	(3)	(4)	(5)	(6)
			(1)/(2)	(2)-(1)		(4)/(5)
12/31/2007	2,204,666	3,597,512	61.3%	1,392,846	1,977,161	70.4%
12/31/2008	2,418,690	3,900,265	62.0%	1,481,575	2,089,488	70.9%
12/31/2009	2,770,226	4,388,305	63.1%	1,618,079	2,561,892	63.2%
12/31/2010-1	3,224,982	4,740,602	68.0%	1,515,620	2,360,157	64.2%
12/31/2010-2	5,083,745	6,376,267	79.7%	1,292,522	2,360,157	54.8%

(1) Actuarial valuation performed under the original fund structure

(2) Actuarial valuation performed under the new fund structure

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

Actuarial calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each valuation, and reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. The schedule of funding progress, presented as Required Supplementary Information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability of benefits.

The city also participates in the cost sharing multi-employer defined benefit group-term life insurance coverage plan operated by the Texas Municipal Retirement System (TMRS) known as the Supplemental Death Benefits Fund (SDBF). The city elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The city may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death); retired employees are insured for \$7,500; this coverage is an "other postemployment benefit," or OPEB.

**CITY OF INGLESIDE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2011**

9. POST EMPLOYMENT HEALTH CARE BENEFITS

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the City provides health care benefits to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premiums are paid in full by the insured for the actual month covered. This program is offered for a period of 18 months after the termination date. There is no associated cost to the City under this program.

City supplemental death to:	Plan Year 2011	Plan Year 2010
Active employees (yes or no)	Yes	Yes
Retirees (yes or no)	Yes	Yes

Contributions

The city contributes to the Supplemental Death Benefits Fund at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the Supplemental Death Benefits Fund program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to pre-fund retiree term life insurance during employees' entire careers.

The city's contribution to the TMRS SDBF for the years ended 2011, 2010 and 2009 were \$3,807, \$2,532, and \$2,269, respectively, which equaled the required contributions each year.

10. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees and others; and natural disasters. The City's program for managing risks include: 1) participation in a public entity risk pool (Texas Municipal League) to cover liability claims such as workers compensation and general liability claims and to cover property damage claims; 2) purchasing commercial property insurance for protection from damages due to windstorms, hurricanes, hail storms and floods; and 3) providing employees with various safety programs. Except for deductibles, the City has maintained insurance for risk of loss to the public entity risk pool and commercial issuers.

11. COMMITMENTS AND CONTINGENT LIABILITIES /SHORT TERM LOANS

There are no significant claims or lawsuits pending against the City.

The City participates in certain federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF INGLESIDE, TEXAS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED SEPTEMBER 30, 2011

BUDGETARY DATA

Annual budgets are legally adopted by council. The City Manager is authorized to transfer budgeted amounts within departments; however, any revisions that alter the total expenditures of a department must be approved by the City Council. Budgeted amounts reported in the 2010-2011 financial statements present the original and final amended budget approved by the Council. All unencumbered budget appropriations except project budgets, lapse at the end of each fiscal year. The following procedures are used by the City in establishing the budgetary date reflected in the financial statements:

1. Prior to August 6th each year, the City Manager is required to submit a proposed budget to the City Council. The operating budget includes proposed expenditures and the means of financing them.
2. Advertised public hearings are conducted.
3. The budget is required to be approved by September 20th.
4. The tax rates are approved after the budget has been approved.
5. The budget may be amended as considered necessary. The budget and tax rates are enacted through the passage of ordinances.

CITY OF INGLESIDE, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
TEXAS MUNICIPAL RETIREMENT SYSTEM
ANALYSIS OF FUNDING PROGRESS

LAST SEVEN VALUATION DATES

<u>Actuarial Value Date</u>	<u>Actuarial Value of Assets</u> (a)	<u>Actuarial Accrued Liability (AAL)</u> (b)	<u>Unfunded AAL (UAAL)</u> (b-a)	<u>Funded Ratio</u> (a/b)	<u>Annual Covered Payroll</u> (c)	<u>UAAL as a Percentage of Covered Payroll</u> ((b-a)/c)
12/31/04	2,143,938	2,659,146	515,208	80.60%	1,831,616	28.10%
12/31/05	2,093,976	2,711,769	617,793	77.22%	2,106,365	29.30%
12/31/06	2,180,324	2,804,362	624,038	77.75%	1,775,820	35.14%
12/31/07	2,204,666	3,597,512	1,392,846	61.30%	1,977,161	70.40%
12/31/08	2,418,690	3,900,265	1,481,575	62.00%	2,089,488	70.90%
12/31/09	2,770,226	4,388,305	1,618,079	63.10%	2,561,892	63.20%
12/31/10-1	3,224,982	4,740,602	1,515,620	68.00%	2,360,157	64.20%
12/31/10-2	5,083,745	6,376,267	1,292,522	79.70%	2,360,157	54.80%

(1) Actuarial valuation performed under the original fund structure

(2) Actuarial valuation performed under the new fund structure (SB 350)



COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS AND SCHEDULES AS SUPPLEMENTARY INFORMATION



GOVERNMENTAL FUNDS



GENERAL FUND

The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund. The general operating expenditures, fixed charges, and capital improvement costs that are not paid through other funds are paid from the General Fund. The Fund uses the modified accrual basis of accounting.



CITY OF INGLESIDE, TEXAS
GENERAL FUND
COMPARATIVE BALANCE SHEETS
SEPTEMBER 30, 2011 AND 2010

Exhibit H-1

	<u>2011</u>	<u>2010</u>
ASSETS		
Cash and Texpool Accounts	2,361,595	2,273,876
Receivables and Allowances:		
Accounts		
Assessments and Fees (net)	5,310	5,310
Miscellaneous	6,176	597
Inventory	14,224	6,861
Due From Other Governmental Agencies		
Sales Taxes	216,418	180,305
Parks and Wildlife	0	0
Ad Valorem Taxes	264,922	237,389
Allowance for Uncollectible	(190,589)	(189,911)
Due from Other Funds	82,603	188,513
Prepaid Items	10,663	8,435
TOTAL ASSETS	<u><u>2,771,322</u></u>	<u><u>2,711,375</u></u>
LIABILITIES AND FUND BALANCE	-	
Accounts Payable/Accrued Expenditures	301,416	250,823
Short Term Loans (TRAN)	0	0
Due to Other Funds	1,037,305	1,137,250
Deferred Revenues	76,833	49,068
TOTAL LIABILITIES	<u><u>1,415,553</u></u>	<u><u>1,437,141</u></u>
	-	
FUND BALANCE		
Reserve for Inventory	14,224	6,861
Reserve for Prepaid Items	10,663	8,435
Unreserved		
Committed Fund Balance - Economic Development	0	30,173
Committed Fund Balance - Compensated	67,647	0
Undesignated	1,263,234	1,228,764
TOTAL FUND BALANCE	<u><u>1,355,770</u></u>	<u><u>1,274,233</u></u>
TOTAL LIABILITIES AND FUND BALANCE	<u><u>2,771,322</u></u>	<u><u>2,711,374</u></u>

CITY OF INGLESIDE, TEXAS
GENERAL FUND
SCHEDULE OF REVENUES AND OTHER SOURCES
BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2011
WITH COMPARATIVE ACTUAL AMOUNT FOR 2010

Exhibit H-2
Page 1 of 2

	2011				2010
	BUDGETED AMOUNTS			Variance with Final Budget Variance	
	<u>Original</u>	<u>Final</u>	<u>Actual</u>		<u>Actual</u>
REVENUES					
Taxes					
Ad valorem- Current	2,021,749	2,136,466	2,033,459	(103,007)	1,829,851
Ad valorem- Delinquent	55,000	55,000	61,305	6,305	50,294
Ad valorem- Penalty & Interest	30,000	30,000	38,192	8,192	36,764
Indust. District- in lieu of taxes	169,515	169,515	159,369	(10,146)	234,169
City Sales (1%)	662,415	662,415	781,324	118,909	775,328
Beverage Tax	10,000	10,000	16,471	6,471	16,427
Bingo Tax	1,500	1,500	1,583	83	1,592
Franchise	318,232	318,232	372,175	53,943	367,311
In-Lieu of Franchise Tax	22,000	22,000	24,374	2,374	21,984
Total Taxes	<u>3,290,411</u>	<u>3,405,128</u>	<u>3,488,251</u>	<u>83,123</u>	<u>3,333,720</u>
Licenses and Permits					
Dog Licenses	2,500	2,500	2,126	(375)	2,661
Dog Donation and Adoption	3,500	3,500	3,195	(305)	3,752
Contractor Licenses	5,000	5,000	10,200	5,200	3,525
Electricians Licenses	0	0	0	0	0
Building Permits	10,000	10,000	74,361	64,361	13,543
Electrical Permits	5,000	5,000	6,394	1,394	4,644
Plumbing Permits	3,000	3,000	4,583	1,583	2,811
Other Permits	1,200	1,200	450	(750)	1,661
Mechanical Permits	2,000	2,000	3,092	1,092	4,939
Beer & Wine Permits	2,000	2,000	3,415	1,415	2,675
Solicitors Permits	150	150	840	690	1,140
Total Licenses and Permits	<u>34,350</u>	<u>34,350</u>	<u>108,655</u>	<u>74,305</u>	<u>41,351</u>
Intergovernmental					
Grant- Texas Capital Project	0	0	0	0	0
Grant- TIF	5,950	5,950	5,950	0	7,427
Grant- Texas Parks & Wildlife	0	0	0	0	0
Grants- Other	0	0	187	187	13,501
Total Intergovernmental	<u>5,950</u>	<u>5,950</u>	<u>6,137</u>	<u>187</u>	<u>20,928</u>

CITY OF INGLESIDE, TEXAS

GENERAL FUND

SCHEDULE OF REVENUES AND OTHER SOURCES

BUDGET (GAAP BASIS) AND ACTUAL

YEAR ENDED SEPTEMBER 30, 2011

WITH COMPARATIVE ACTUAL AMOUNT FOR 2010

Exhibit H-2

Page 2 of 2

	2011			Variance with	2010
	BUDGETED AMOUNTS			Final	
REVENUES	Original	Final	Actual	Budget	Actual
				Variance	
Charges for Services					
Sanitation	900,000	900,000	896,166	(3,834)	904,994
Rural Fire Calls	15,000	15,000	16,233	1,233	23,058
Swimming Pool Charges	14,400	14,400	7,719	(6,681)	10,414
Skate Park Charges	5,900	5,900	5,133	(767)	7,537
Platting Fees	3,000	3,000	2,455	(545)	800
Rezoning Applications	350	350	1,150	800	900
Driveway Placement Fees	2,000	2,000	3,677	1,677	2,376
Library	5,500	5,500	11,480	5,980	11,064
Tax Certificates	100	100	38	(63)	417
Lot Clearing	3,000	3,000	3,903	903	8,087
Subtotal	949,250	949,250	947,953	(1,297)	969,647
Fines and Penalties	153,500	153,500	164,609	11,109	154,405
Other					
Rents and Fees- Garden Center	5,000	5,000	6,445	1,445	4,721
Interest	3,000	3,000	2,851	(149)	2,983
Contributions	0	0	117,823	117,823	28,539
Bldg Lease- Humble Fees	11,200	11,200	27,027	15,827	20,843
Copies	1,000	1,000	899	(101)	915
Cash Over/Short	0	0	(1)	(1)	(45)
Wrecker	0	0	0	0	0
Sale of Assets	0	0	25,856	25,856	5,000
Sundry	13,000	13,000	47,699	34,699	19,662
Arrest Fees	623	623	583	(40)	683
Map Sales	25	25	85	60	58
Emergency Beacons	0	0	0	0	0
Police Peace Officers Allocation	0	0	0	0	1,659
Pound Boarding & Impoundment	5,000	5,000	4,180	(820)	4,902
Police Payphone Commissions	500	500	36	(464)	262
Law Enforcement Education	1,700	1,700	2,595	895	3,916
Live Oak Park Rent	100	100	0	(100)	0
Subtotal	41,148	41,148	236,078	194,930	94,098
Total Revenues	4,474,609	4,589,326	4,951,684	362,358	4,614,149
OTHER SOURCES- Operating Transfers					
Transfers	518,347	518,347	517,915	(432)	951,238
Total Operating Transfers	518,347	518,347	517,915	(432)	951,238
TOTAL REVENUES AND OTHER SOURCES	4,992,956	5,107,673	5,469,599	361,926	5,565,387

CITY OF INGLESIDE, TEXAS
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2011
WITH COMPARATIVE ACTUAL AMOUNT FOR 2010

	2011			
	BUDGETED AMOUNTS		Personnel	Supplies &
	Original	Final	Costs	Services
Current Expenditures				
General Administration				
Mayor and Council	12,825	12,825	0	13,100
City Manager	81,824	81,824	74,887	8,076
City Secretary	103,746	103,746	80,467	20,868
Finance	174,477	174,477	157,043	12,299
Municipal Court	149,798	191,298	127,361	40,105
City Attorney	0	0	0	0
Economic Development	41,633	41,633	24,938	11,318
Non-Departmental	394,028	394,028	0	399,233
Total General Administration	958,331	999,831	464,696	504,999
Public Safety				
Police	1,391,199	1,391,199	1,153,795	207,010
Fire	217,323	217,323	88,001	92,944
Inspections	134,082	134,082	123,076	11,173
Code Enforcement	77,630	77,630	54,796	19,970
Crossing Guards	0	0	0	0
Emergency Management	10,048	10,048	0	10,774
Animal Control	131,142	131,142	74,384	42,702
Total Public Safety	1,961,424	1,961,424	1,494,053	384,573
Public Works				
Streets Department	323,268	323,268	166,106	142,523
Vector Control	10,100	10,100	0	799
Buildings and Drainage	256,929	256,929	179,740	24,466
Sanitation	755,032	755,032	0	715,923
GIS	28,381	28,381	12,181	2,259
Total Public Works	1,373,710	1,373,710	358,028	885,970
Culture and Recreation				
Library	246,219	246,219	158,524	32,787
Parks and Recreation	394,047	394,047	229,599	102,486
Simmons Park Development	0	0	0	0
Citizens Center	36,253	36,253	17,723	9,645
Total Parks and Recreation	676,519	676,519	405,847	144,917
Transfers Out	0	100,000	0	0
Total Current Expenditures	4,969,984	5,111,484	2,722,624	1,920,459

Exhibit H-3

	2011				2010
Debt Service	Capital Outlay	Transfers Out	Total Actual	Variance with Final Budget Variance	Total Actual
0	0	0	13,100	(275)	12,516
0	0	0	82,963	(1,139)	78,099
0	0	0	101,335	2,411	96,588
0	0	0	169,342	5,135	158,868
0	12,671	0	180,137	11,161	151,087
0	0	0	0	0	0
0	0	0	36,256	5,377	69,388
856	9,601	0	409,690	(15,662)	425,123
856	22,272	0	992,824	7,007	991,669
0	0	0	1,360,805	30,394	1,380,324
0	0	0	180,945	36,378	265,900
0	0	0	134,249	(167)	137,693
0	6,755	0	81,521	(3,891)	76,732
0	0	0	0	0	0
0	0	0	10,774	(726)	19,996
0	0	0	117,086	14,056	126,789
0	6,755	0	1,885,381	76,043	2,007,434
0	0	0	308,629	14,639	311,523
0	0	0	799	9,301	10,590
0	0	0	204,206	52,723	267,008
0	0	0	715,923	39,109	742,442
0	0	0	14,440	13,941	53,178
0	0	0	1,243,998	129,712	1,384,741
0	16,918	0	208,229	37,990	260,793
0	0	0	332,085	61,962	399,860
0	0	0	0	0	0
0	0	0	27,368	8,885	28,358
0	16,918	0	567,682	108,837	689,011
0	0	698,179	698,179	(598,179)	0
856	45,945	698,179	5,388,063	(276,579)	5,072,855



NON-MAJOR GOVERNMENTAL FUNDS

CITY OF INGLESIDE, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2011

Exhibit H-4

	Special Revenue Funds	Debt Service Fund	Ingleside Tax Reinvest. Zone #1 Capital Projects Fund	Total Nonmajor Governmental Funds
ASSETS				
Cash and Texpool Accounts	514,249	54,397	18,369	587,015
Receivables				
Ad Valorem Taxes	0	46,559	23,391	69,950
Allowance for Uncollectible Taxes	0	(33,370)	0	(33,370)
Other	0	0	0	0
Hotel-Motel Tax	64,732	0	0	64,732
Due from Other Governments	129,986	0	0	129,986
Due from Other Funds	17,822	0	0	17,822
TOTAL ASSETS	<u>726,789</u>	<u>67,586</u>	<u>41,760</u>	<u>836,135</u>
LIABILITIES AND FUND BALANCE				
Accounts Payable	19,901	0	0	19,901
Due to Other Funds	83,154	0	0	83,154
Deferred Revenue	0	13,842	23,391	37,233
TOTAL LIABILITIES	<u>103,055</u>	<u>13,842</u>	<u>23,391</u>	<u>140,287</u>
FUND BALANCE				
Reserve for Public Safety and Works	28,184	0	0	28,184
Reserve for Tourism and Development	579,422	0	18,369	597,791
Reserve for Debt Service	16,128	53,744	0	69,872
TOTAL FUND BALANCE	<u>623,735</u>	<u>53,744</u>	<u>18,369</u>	<u>695,848</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>726,789</u>	<u>67,586</u>	<u>41,760</u>	<u>836,135</u>

CITY OF INGLESIDE, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2011

Exhibit H-5

	Special Revenue Funds	Debt Service Fund	Ingleside Tax Reinvest. Zone #1 Capital Projects Fund	Total Nonmajor Governmental Funds
REVENUES				
Taxes	431,647	471,295	0	902,942
Intergovernmental	164,417	0	0	164,417
Interest	737	206	26	969
Other	66,246	0	0	66,246
TOTAL REVENUES	663,048	471,501	26	1,134,575
EXPENDITURES				
Current				
Tourism/Advertising/Training	102,718	0	0	102,718
Debt Service	75,475	279,631	0	355,106
Police	0	0	0	0
Development	207,650	0	2,320	209,970
Public Works	516,773	0	0	516,773
TOTAL EXPENDITURES	902,616	279,631	2,320	1,184,566
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(239,568)	191,871	(2,294)	(49,991)
OTHER FINANCING SOURCES (USES)				
Transfers In from Other Funds	329,870	0	0	329,870
Transfer (Out) to Other Funds	0	(168,909)	0	(168,909)
TOTAL OTHER FINANCING SOURCES (USES)	329,870	(168,909)	0	160,961
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	90,302	22,962	(2,294)	110,970
FUND BALANCE, beginning of year	533,432	30,782	20,663	584,877
FUND BALANCE, end of year	623,735	53,744	18,369	695,848



SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for the proceeds for specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditures to specified purposes. The City maintains the following special revenue funds.

Ingleside Development Fund- receives restricted development sales taxes and accounts for the distribution of the proceeds of any development bonds issued.

Hotel/Motel Tax Fund- required by Texas to account for occupancy tax collections. This fund is used to account for that portion of collections used for tourism advertising and promotion.

Texas Capital Fund Grant- established to account for grant funds received for Community Development Block Grant- Kiewit and Helix infrastructure.

Asset Seizures and Forfeitures Fund- accounts for drug related asset seizures and allowable expenditures.

Street Maintenance Tax Fund – established to account for sales taxes dedicated for street maintenance.

Other Grant Funds - established to account for SCBA and Home Grants that were acquired by the City during the fiscal year.

CITY OF INGLESIDE, TEXAS
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
SEPTEMBER 30, 2011
WITH COMPARATIVE TOTALS FOR 2010

Exhibit H-6

	Ingleside Develop. Fund	Hotel - Motel Tax Fund	Homeland Security- Other Grant	Asset Seizures & Forfeitures	Home Grant	Safe Routes to School	Street Maint Tax Fd	General Capital Projects Fund	Texas Cap Fd Helix	Total Nonmajor Special Revenue Funds	
										2011	2010
ASSETS											
Cash and Texpool Accounts	322,564	182,426	4,880	2,165	0	0	1,940	0	273	514,249	531,930
Receivables											
Other	0	0	0	0	0	0	0	0	0	0	107,641
Hotel-Motel Tax	0	64,732	0	0	0	0	0	0	0	64,732	34,290
Due from Other Governments	25,635	0	78,000	0	716	0	25,635	0	0	129,986	135,760
Due from Other Funds	193	0	0	0	17,284	0	345	0	0	17,822	96,510
TOTAL ASSETS	348,393	247,158	82,880	2,165	18,000	0	27,920	0	273	726,789	906,131
LIABILITIES AND FUND BALANCE											
Accounts Payable	0	0	0	1,901	18,000	0	0	0	0	19,901	234,871
Due to Others	0	0	0	0	0	0	0	0	0	0	0
Deferred Revenues	0	0	0	0	0	0	0	0	0	0	0
Due to Other Funds	0	0	82,880	0	0	0	0	0	273	83,154	137,827
TOTAL LIABILITIES	0	0	82,880	1,901	18,000	0	0	0	273	103,055	372,698
FUND BALANCE											
Reserve for Public Safety/Works	0	0	(0)	264	0	0	27,920	0	0	28,184	61,710
Reserve for Tourism & Develop	332,264	247,158	0	0	0	0	0	0	0	579,422	456,543
Reserve for Debt Service	16,128	0	0	0	0	0	0	0	0	16,128	15,180
TOTAL FUND BALANCE	348,393	247,158	(0)	264	0	0	27,920	0	0	623,735	533,433
TOTAL LIABILITIES & FUND BALANCE	348,393	247,158	82,880	2,165	18,000	0	27,920	0	273	726,789	906,131

CITY OF INGLESIDE, TEXAS
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
YEAR ENDED SEPTEMBER 30, 2011
WITH COMPARATIVE TOTALS FOR 2010

	Ingleside Develop Fund	Hotel - Motel Tax Fund	Homeland Security Other Grant	Asset Seizures & Forfeitures	Home Grant	Safe Routes to School	Street Maint Tax Fd	General Capital Projects Fund	Texas Cap. Bd Helix	Total Nonmajor Special Revenue Funds	
										2011	2010
REVENUES											
Taxes	130,211	171,206	0	0	0	0	130,231	0	0	431,647	390,034
Intergovernmental	0	0	160,583	0	3,471	363	0	0	0	164,417	783,306
Interest	406	201	0	2	0	0	128	0	0	737	1,258
Other	0	0	0	0	14,196	0	0	52,051	0	66,246	0
TOTAL REVENUES	130,617	171,407	160,583	2	17,667	363	130,358	52,051	0	663,048	1,174,598
EXPENDITURES											
Current											
Tourism Advertising/Training	843	101,875	0	0	0	0	0	0	0	102,718	147,890
Debt Service	75,475	0	0	0	0	0	0	0	0	75,475	77,775
Police	0	0	0	0	0	0	0	0	0	0	1,405
Development/Grant Costs	0	0	171,933	0	35,717	0	0	0	0	207,650	419,184
Public Works	0	0	0	0	0	366	164,607	351,712	89	516,773	567,554
TOTAL EXPENDITURES	76,318	101,875	171,933	0	35,717	366	164,607	351,712	89	902,616	1,213,808
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES											
	54,299	69,532	(11,350)	2	(18,050)	(3)	(34,248)	(299,661)	(89)	(239,568)	(39,210)
OTHER FINANCE SOURCES (USES)											
Transfer In from Other Funds	0	0	12,070	0	18,050	0	0	299,661	89	329,870	0
Transfer (Out) to Other Funds	0	0	0	0	0	0	0	0	0	0	0
TOTAL OTHER FINANCE SOURCES(USES)	0	0	12,070	0	18,050	0	0	299,661	89	329,870	0
EXCESS (DEFICIENCY) OF REV AND OTHER SOURCES OVER EXPENDITURES & OTHER USES											
	54,299	69,532	720	2	0	(3)	(34,248)	0	0	90,302	(39,210)
FUND BALANCE, beginning of year											
	294,993	177,626	(720)	262	0	3	62,168	0	0	533,432	572,642
FUND BALANCE, end of year											
	348,393	247,158	(0)	264	0	0	27,920	0	0	623,735	533,432

CITY OF INGLESIDE, TEXAS
INGLESIDE DEVELOPMENT FUND
COMPARATIVE BALANCE SHEETS
SEPTEMBER 30, 2011
WITH COMPARATIVE TOTALS FOR 2010

Exhibit H-8

	<u>2011</u>	<u>2010</u>
ASSETS		
Cash and Texpool Accounts	322,564	303,608
Due From State- Sales Taxes	25,635	20,517
Due From Other Funds	<u>193</u>	<u>0</u>
TOTAL ASSETS	<u><u>348,393</u></u>	<u><u>324,125</u></u>
LIABILITIES AND FUND BALANCES		
Accounts Payable	-	-
Due to Other Funds	<u>0</u>	<u>30,032</u>
TOTAL LIABILITIES	<u>0</u>	<u>30,032</u>
FUND BALANCE		
Reserve for Debt Service	16,128	15,180
Reserve for Economic Development	<u>332,264</u>	<u>278,913</u>
TOTAL FUND BALANCE	<u>348,393</u>	<u>294,093</u>
TOTAL LIABILITIES AND FUND BALANCE	<u><u>348,393</u></u>	<u><u>324,125</u></u>

CITY OF INGLESIDE, TEXAS

Exhibit H-9

INGLESIDE DEVELOPMENT FUND

SCHEDULES OF REVENUES, EXPENDITURES AND

CHANGES IN FUND BALANCE- BUDGET (GAAP BASIS) AND ACTUAL

YEAR ENDED SEPTEMBER 30, 2011

WITH COMPARATIVE TOTALS FOR 2010

	2011			2010
	BUDGETED AMOUNTS		Final Budget Variance	
	Original	Final	Actual	Actual
REVENUES				
Sales Tax	110,402	110,402	130,211	129,221
Interest	0	0	406	668
Total Revenues	110,402	110,402	130,617	129,889
EXPENDITURES				
Advertising and Training	2,000	2,000	843	265
Debt Service:				
Certificate Principal	50,000	50,000	50,000	50,000
Interest on CO's	24,325	24,325	24,325	26,775
Fiscal Agent Fees	1,000	1,000	1,150	1,000
Other	0	0	0	7,500
Total Expenditures	77,325	77,325	76,318	85,540
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	33,077	33,077	54,299	44,349
OTHER FINANCING SOURCES (USES)				
Other Sources - Transfers In	0	0	0	0
Other Sources - Transfers (Out)	0	0	0	0
TOTAL OTHER FINANCING SOURCES (USES)	0	0	0	0
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER (USES)	33,077	33,077	54,299	44,349
FUND BALANCE, beginning of year	294,093	294,093	294,093	249,744
FUND BALANCE, end of year	327,170	327,170	348,393	294,093

CITY OF INGLESIDE, TEXAS
HOTEL-MOTEL TAX FUND
COMPARATIVE BALANCE SHEETS
SEPTEMBER 30, 2011 AND 2010

Exhibit H-10

	<u>2011</u>	<u>2010</u>
ASSETS		
Cash and Texpool Accounts	182,426	143,336
Hotel-Motel Tax Receivable	64,732	34,290
Due From Other Funds	<u>0</u>	<u>0</u>
TOTAL ASSETS	<u><u>247,158</u></u>	<u><u>177,626</u></u>
LIABILITIES AND FUND BALANCES		
Accounts Payable	0	0
Due to Other Fund	<u>0</u>	<u>0</u>
TOTAL LIABILITIES	<u>0</u>	<u>0</u>
FUND BALANCE		
Reserve for Tourism	<u>247,158</u>	<u>177,626</u>
TOTAL LIABILITIES AND FUND BALANCE	<u><u>247,158</u></u>	<u><u>177,626</u></u>

CITY OF INGLESIDE, TEXAS
HOTEL-MOTEL TAX FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE- BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2011
WITH COMPARATIVE TOTALS FOR 2010

	2011			2010
	BUDGETED AMOUNTS		Final Budget Variance	Actual
	Original	Final	Actual	
REVENUES				
Occupancy Tax	100,800	100,800	171,206	131,591
Interest	600	600	201	276
Total Revenues	101,400	101,400	171,407	131,867
EXPENDITURES				
Tourism and Development	100,000	100,000	100,000	115,000
Tourism/Chamber Support	6,400	6,400	1,875	25,125
Advertisement- Other				
Total Expenditures	106,400	106,400	101,875	140,125
OTHER FINANCING SOURCES (USES)				
Other Sources- Transfers In (Out)	0	0	0	0
Total Other Financing Sources (Uses)	0	0	0	0
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER USES	(5,000)	(5,000)	69,532	(8,258)
FUND BALANCE, beginning of year	177,626	177,626	177,626	185,884
FUND BALANCE, end of year	172,626	172,626	247,158	177,626

CITY OF INGLESIDE, TEXAS
ASSET SEIZURES AND FORFEITURES FUND
COMPARATIVE BALANCE SHEETS
SEPTEMBER 30, 2011 AND 2010

Exhibit H-12

	<u>2011</u>	<u>2010</u>
ASSETS		
Cash and Cash Equivalents	2,165	2,163
Due from Other Funds	<u>0</u>	<u>0</u>
TOTAL ASSETS	<u>2,165</u>	<u>2,163</u>
LIABILITIES AND FUND EQUITY		
Seizures Payable	1,901	1,901
Due to Other Funds	<u>0</u>	<u>0</u>
TOTAL LIABILITIES	<u>1,901</u>	<u>1,901</u>
Reserve for Trust Fund	<u>264</u>	<u>262</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>2,165</u>	<u>2,163</u>

Adjustments have been made for comparative purposes.

CITY OF INGLESIDE, TEXAS

Exhibit H-13

**ASSET SEIZURES AND FORFEITURES FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
YEAR ENDED SEPTEMBER 30, 2011 AND 2010**

	<u>2011</u>	<u>2010</u>
REVENUES		
Asset Seizures and Forfeitures		
Other	-	0
Interest	<u>2</u>	<u>2</u>
Total Revenues	<u>2</u>	<u>2</u>
EXPENDITURES		
Current		
Police	<u>-</u>	<u>1,405</u>
Total Expenditures	<u>-</u>	<u>1,405</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	2	(1,403)
FUND BALANCE, beginning of year	<u>262</u>	<u>1,665</u>
FUND BALANCE, end of year	<u><u>264</u></u>	<u><u>262</u></u>

Adjustments have been made for comparative purposes.

CITY OF INGLESIDE, TEXAS
INGLESIDE HOME GRANT
COMPARATIVE BALANCE SHEETS
SEPTEMBER 30, 2011 AND 2010

Exhibit H-14

	<u>2011</u>	<u>2010</u>
ASSETS		
Cash and Texpool Accounts	-	-
Due from Other Governments	716	-
Due from Other Funds	<u>17,284</u>	<u>1,618</u>
TOTAL ASSETS	<u><u>18,000</u></u>	<u><u>1,618</u></u>
 LIABILITIES AND FUND BALANCES		
 LIABILITIES		
Accounts Payable	18,000	1,600
Due to Other Funds	<u>-</u>	<u>18</u>
TOTAL LIABILITIES	<u><u>18,000</u></u>	<u><u>1,618</u></u>
 FUND BALANCE		
Reserve for Tourism and Development	<u>-</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCE	<u><u>18,000</u></u>	<u><u>1,618</u></u>

CITY OF INGLESIDE, TEXAS

Exhibit H-15

**INGLESIDE HOME GRANT
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
YEAR ENDED SEPTEMBER 30, 2011 AND 2010**

	<u>2011</u>	<u>2010</u>
REVENUES		
Intergovernmental	3,471	1,618
Other	<u>14,196</u>	<u>150</u>
Total Revenues	<u>17,667</u>	<u>1,768</u>
EXPENDITURES		
Grant costs	<u>35,717</u>	<u>1,768</u>
Total Expenditures	<u>35,717</u>	<u>1,768</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(18,050)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)		
Other Sources- Transfers In (Out)	<u>18,050</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>18,050</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	<u>-</u>	<u>-</u>
FUND BALANCE, beginning of year	<u>-</u>	<u>-</u>
FUND BALANCE, end of year	<u><u>-</u></u>	<u><u>-</u></u>

CITY OF INGLESIDE, TEXAS
INGLESIDE SAFE ROUTES GRANT
COMPARATIVE BALANCE SHEETS
SEPTEMBER 30, 2011 AND 2010

Exhibit H-16

	<u>2011</u>	<u>2010</u>
ASSETS		
Cash and Texpool Accounts	-	441
Accounts Receivable	-	107,641
Due from Other Funds	-	-
TOTAL ASSETS	<u>-</u>	<u>108,082</u>
LIABILITIES AND FUND BALANCES		
LIABILITIES		
Accounts Payable	-	44,296
Due to Other Funds	-	63,783
TOTAL LIABILITIES	<u>-</u>	<u>108,079</u>
FUND BALANCE		
Reserved	<u>0</u>	<u>3</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>0</u>	<u>108,082</u>

CITY OF INGLESIDE, TEXAS

Exhibit H-17

INGLESIDE SAFE ROUTES GRANT

COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND

CHANGES IN FUND BALANCE

YEAR ENDED SEPTEMBER 30, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
REVENUES		
Other	<u>363</u>	<u>353,074</u>
Total Revenues	<u>363</u>	<u>353,074</u>
EXPENDITURES		
Grant costs	<u>366</u>	<u>353,074</u>
Total Expenditures	<u>366</u>	<u>353,074</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(3)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)		
Other Sources- Transfers In (Out)	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	<u>(3)</u>	<u>-</u>
FUND BALANCE, beginning of year	<u>3</u>	<u>3</u>
FUND BALANCE, end of year	<u><u>0</u></u>	<u><u>3</u></u>

CITY OF INGLESIDE, TEXAS
STREET MAINTENANCE TAX FUND
COMPARATIVE BALANCE SHEETS
SEPTEMBER 30, 2011 AND 2010

Exhibit H-18

	<u>2011</u>	<u>2010</u>
ASSETS		
Cash and Texpool Accounts	1,940	82,108
Due from Other Governments	25,635	20,517
Due from Other Funds	345	96,510
TOTAL ASSETS	<u>27,920</u>	<u>199,135</u>
LIABILITIES AND FUND BALANCES		
LIABILITIES		
Accounts Payable	-	136,967
Due to Other Funds	-	-
TOTAL LIABILITIES	<u>-</u>	<u>136,967</u>
FUND BALANCE		
Reserved	<u>27,920</u>	<u>62,168</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>27,920</u>	<u>199,135</u>

CITY OF INGLESIDE, TEXAS
STREET MAINTENANCE TAX FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
YEAR ENDED SEPTEMBER 30, 2011 AND 2010

Exhibit H-19

	<u>2011</u>	<u>2010</u>
REVENUES		
Sales Tax Revenues	130,231	129,221
Interest Income	<u>128</u>	<u>313</u>
Total Revenues	<u>130,358</u>	<u>129,534</u>
EXPENDITURES		
Maintenance Expense	<u>164,607</u>	<u>202,713</u>
Total Expenditures	<u>164,607</u>	<u>202,713</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(34,248)</u>	<u>(73,179)</u>
OTHER FINANCING SOURCES (USES)		
Other Sources- Transfers In (Out)	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	<u>(34,248)</u>	<u>(73,179)</u>
FUND BALANCE, beginning of year	<u>62,168</u>	<u>135,347</u>
FUND BALANCE, end of year	<u><u>27,920</u></u>	<u><u>62,168</u></u>

CITY OF INGLESIDE, TEXAS
TEXAS CAPITAL FUND HELIX
COMPARATIVE BALANCE SHEETS
SEPTEMBER 30, 2011 AND 2010

Exhibit H-20

	<u>2011</u>	<u>2010</u>
ASSETS		
Cash and Texpool Accounts	273	273
Accounts Receivable	-	-
Due from Other Funds	-	-
Due from State	-	10,000
TOTAL ASSETS	<u>273</u>	<u>10,273</u>
LIABILITIES AND FUND BALANCES		
LIABILITIES		
Accounts Payable	-	10,000
Due to Other Funds	273	273
TOTAL LIABILITIES	<u>273</u>	<u>10,273</u>
FUND BALANCE		
Reserved	-	-
TOTAL LIABILITIES AND FUND BALANCE	<u>273</u>	<u>10,273</u>

CITY OF INGLESIDE, TEXAS
TEXAS CAPITAL FUND HELIX
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
YEAR ENDED SEPTEMBER 30, 2011 AND 2010

Exhibit H-21

	<u>2011</u>	<u>2010</u>
REVENUES		
Intergovernmental	<u>0</u>	<u>10,000</u>
Total Revenues	<u>0</u>	<u>10,000</u>
EXPENDITURES		
Capital Costs	89	-
Administrative Expense	<u>-</u>	<u>10,000</u>
Total Expenditures	<u>89</u>	<u>10,000</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(89)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)		
Other Sources- Transfers In (Out)	<u>89</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>89</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	<u>-</u>	<u>-</u>
FUND BALANCE, beginning of year	<u>-</u>	<u>-</u>
FUND BALANCE, end of year	<u><u>-</u></u>	<u><u>-</u></u>

CITY OF INGLESIDE, TEXAS
HOMELAND SECURITY/OTHER GRANTS
COMPARATIVE BALANCE SHEETS
SEPTEMBER 30, 2011 AND 2010

Exhibit H-22

	<u>2011</u>	<u>2010</u>
ASSETS		
Cash and Texpool Accounts	4,880	0
Accounts Receivable	78,000	83,107
Due From Other Funds	<u>0</u>	<u>0</u>
TOTAL ASSETS	<u>82,880</u>	<u>83,107</u>
LIABILITIES AND FUND BALANCES		
Accounts Payable	0	40,107
Deferred Revenue	0	0
Due to Other Funds	<u>82,880</u>	<u>43,720</u>
TOTAL LIABILITIES	<u>82,880</u>	<u>83,827</u>
FUND BALANCE	<u>(0)</u>	<u>(720)</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>82,880</u>	<u>83,107</u>

CITY OF INGLESIDE, TEXAS
HOMELAND SECURITY/OTHER GRANTS
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
YEAR ENDED SEPTEMBER 30, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
	<u>Actual</u>	<u>Actual</u>
REVENUES		
Intergovernmental Revenue	<u>160,583</u>	<u>418,464</u>
Total Revenues	<u>160,583</u>	<u>418,464</u>
EXPENDITURES		
Development Costs/Grant Costs	<u>171,933</u>	<u>419,184</u>
Total Expenditures	<u>171,933</u>	<u>419,184</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(11,350)	(720)
OTHER FINANCING SOURCES (USES)		
Other Sources- Transfers (Out)	0	0
Other Sources- Transfers In	<u>12,070</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>12,070</u>	<u>0</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	720	(720)
FUND BALANCE, beginning of year	<u>(720)</u>	<u>-</u>
FUND BALANCE, end of year	<u>(0)</u>	<u>(720)</u>

CITY OF INGLESIDE, TEXAS
INGLESIDE TAX REINVESTMENT ZONE #1
COMPARATIVE BALANCE SHEETS
SEPTEMBER 30, 2011 AND 2010

Exhibit H-24

	<u>2011</u>	<u>2010</u>
ASSETS		
Cash and Texpool Accounts	18,369	20,663
Due from Other Funds	-	-
Taxes Receivable	23,391	-
TOTAL ASSETS	<u>41,760</u>	<u>-</u>
LIABILITIES AND FUND BALANCES		
LIABILITIES		
Accounts Payable	-	-
Due to Other Funds	-	-
Deferred Revenues	23,391	-
TOTAL LIABILITIES	<u>23,391</u>	<u>-</u>
FUND BALANCE		
Restricted	18,369	20,663
TOTAL LIABILITIES AND FUND BALANCE	<u>41,760</u>	<u>20,663</u>

CITY OF INGLESIDE, TEXAS

Exhibit H-25

INGLESIDE TAX REINVESTMENT ZONE #1**COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE****YEAR ENDED SEPTEMBER 30, 2011 AND 2010**

	<u>2011</u>	<u>2010</u>
REVENUES		
Tax/Other Revenues	<u>26</u>	<u>22,257</u>
Total Revenues	<u>26</u>	<u>22,257</u>
EXPENDITURES		
Development Costs	<u>2,320</u>	<u>1,594</u>
Total Expenditures	<u>2,320</u>	<u>1,594</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(2,294)</u>	<u>20,663</u>
OTHER FINANCING SOURCES (USES)		
Other Sources- Transfers In (Out)	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	<u>(2,294)</u>	<u>20,663</u>
FUND BALANCE, beginning of year	<u>20,663</u>	<u>-</u>
FUND BALANCE, end of year	<u><u>18,369</u></u>	<u><u>20,663</u></u>

CITY OF INGLESIDE, TEXAS
INGLESIDE GENERAL CAPITAL PROJECTS FUND
COMPARATIVE BALANCE SHEETS
SEPTEMBER 30, 2011 AND 2010

Exhibit H-26

	<u>2011</u>	<u>2010</u>
ASSETS		
Cash and Texpool Accounts	-	-
Accounts Receivable	-	-
Due from Other Funds	-	-
TOTAL ASSETS	<u>-</u>	<u>-</u>
LIABILITIES AND FUND BALANCES		
LIABILITIES		
Accounts Payable	-	-
Due to Other Funds	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>
FUND BALANCE		
Reserved	-	-
TOTAL LIABILITIES AND FUND BALANCE	<u>-</u>	<u>-</u>

CITY OF INGLESIDE, TEXAS

Exhibit H-27

**INGLESIDE GENERAL CAPITAL PROJECTS FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
YEAR ENDED SEPTEMBER 30, 2011 AND 2010**

	<u>2011</u>	<u>2010</u>
REVENUES		
Other	<u>52,051</u>	<u>-</u>
Total Revenues	<u>52,051</u>	<u>-</u>
EXPENDITURES		
Public Works	<u>351,712</u>	<u>-</u>
Total Expenditures	<u>351,712</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(299,661)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)		
Other Sources- Transfers In (Out)	<u>299,661</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>299,661</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	<u>-</u>	<u>-</u>
FUND BALANCE, beginning of year	<u>-</u>	<u>-</u>
FUND BALANCE, end of year	<u><u>-</u></u>	<u><u>-</u></u>



DEBT SERVICE FUND

The Debt Service Fund is used to account for the accumulation of resources for and payment of general long-term debt bond principal, interest, and related costs. The Debt Service Fund uses the modified accrual basis of accounting, except principal and interest are recognized when due.

CITY OF INGLESIDE, TEXAS
DEBT SERVICE FUND
COMPARATIVE BALANCE SHEETS
SEPTEMBER 30, 2011 AND 2010

Exhibit H-28

	<u>2011</u>	<u>2010</u>
ASSETS		
Cash and Texpool Accounts	54,397	29,694
Receivables and Allowances		
Ad Valorem Taxes	46,559	41,076
Allowance for Uncollectible Taxes	(33,370)	(32,861)
Due from Other Funds	<u>0</u>	<u>0</u>
TOTAL ASSETS	<u>67,586</u>	<u>37,909</u>
LIABILITIES AND FUND BALANCES		
LIABILITIES		
Accounts Payable	0	0
Due to Other Funds	0	0
Deferred Revenue- Ad Valorem Taxes	<u>13,842</u>	<u>7,127</u>
TOTAL LIABILITIES	<u>13,842</u>	<u>7,127</u>
FUND BALANCE		
Reserve for Debt Service	<u>53,744</u>	<u>30,782</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>67,586</u>	<u>37,909</u>

CITY OF INGLESIDE, TEXAS
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2011
WITH COMPARATIVE ACTUAL AMOUNTS FOR 2010

	2011			2010
	<u>BUDGETED AMOUNTS</u>		Final Budget Variance	
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Actual</u>
REVENUES				
Ad valorem Taxes	453,932	479,235	462,668	457,010
Ad valorem- Penalty & Interest	6,000	6,000	8,627	8,725
Total Ad valorem Taxes	459,932	485,235	471,295	465,735
In Lieu Taxes	0	0	0	0
Interest	0	0	206	132
Total Revenues	459,932	485,235	471,501	465,867
EXPENDITURES				
Debt Service				
Principal Retirement	205,000	205,000	205,000	355,000
Interest and Fiscal Charges	76,282	76,282	74,631	84,752
Total Expenditures	281,282	281,282	279,631	439,752
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	178,650	203,953	191,871	26,115
OTHER FINANCING SOURCES (USES)				
Other Sources- Transfers (Out)	(168,950)	(168,950)	(168,909)	(30,000)
Other Sources- Transfers In	0	0	0	0
Total Other Financing Sources (Uses)	(168,950)	(168,950)	(168,909)	(30,000)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	9,700	35,003	22,962	(3,885)
FUND BALANCE, beginning of year	30,782	30,782	30,782	34,667
FUND BALANCE, end of year	40,482	65,785	53,744	30,782



PROPRIETARY FUNDS



ENTERPRISE FUND

Enterprise Funds are used to account for operations financed and operated in a manner similar to private business enterprises. The intent of the governing body is that costs (including depreciation) or providing goods or services to the General public on a continuing basis be financed or recovered primarily through the user charges. The Enterprise Funds use the accrual basis of accounting. The City maintains the following Enterprise Fund:

Utility Fund- established to account for the operations of the City's water and sewer system. Inclusive of capital grant projects from the Texas Water Development Board.

CITY OF INGLESIDE, TEXAS
COMPARATIVE STATEMENTS OF NET ASSETS
PROPRIETARY FUNDS - UTILITY FUNDS
SEPTEMBER 30, 2011 AND 2010

	Utility Fund 50	Utility Water Capital Fd 51	Utility EDAP Fund 52	Utility RDA Hookups Fund 53	Impact Fees Fund 54
ASSETS					
Current Assets:					
Cash and Cash Equivalents	1,283,553	1,232,081	-	-	46,365
Receivables and Allowances Accounts					
Water and Wastewater Billings	528,502	-	-	-	-
Assessments	9,449	-	-	-	-
Other	1,129	-	-	-	-
Allowance for Uncollectible Accounts	(173,608)	-	-	-	-
Due from Other Funds	908,153	109,444	-	551	2,436
Bond Issue Cost (Net)	189,430	26,308	-	-	-
Prepaid Items	3,552	-	-	-	-
Inventory	75,845	-	-	-	-
Total Current Assets	2,826,004	1,367,832	-	551	48,801
Non-Current Assets:					
Restricted Assets:					
Cash and Cash Equivalents					
Revenue Bond Construction	145,571	1,311,518	-	-	-
Revenue Bond Reserve	200,298	-	-	-	-
Sinking Fund- Bonds	190,023	1	-	-	-
Total Restricted Assets	535,892	1,311,519	-	-	-
Capital Assets:					
Land	329,494	-	-	-	-
Construction in Progress	97,000	26,482	-	-	-
Buildings	452,301	-	-	-	-
Water System	6,445,654	-	-	-	-
Sewer System	20,438,494	-	-	-	-
Vehicles	791,174	-	-	-	-
Furniture and Equipment	248,189	-	-	-	-
Total Capital Assets	28,802,307	26,482	-	-	-
Less Accumulated Depreciation	(12,735,285)	-	-	-	-
Net Capital Assets	16,067,022	26,482	-	-	-
TOTAL ASSETS	19,428,918	2,705,833	-	551	48,801
LIABILITIES					
Current Liabilities					
Accounts Payable	304,755	-	-	-	-
Accrued Liabilities	25,090	182,172	-	-	-
Compensated Absences	13,290	-	-	-	-
Due to Other Funds	-	-	-	551	-
Deferred Revenue	-	-	-	-	-
Current Portion of Revenue Bonds Payable	195,000	45,000	-	-	-
Customer Meter Deposits	146,655	-	-	-	-
Total Current Liabilities	684,789	227,172	-	551	-
Long-Term Liabilities					
Revenue Bonds Payable	2,830,000	1,305,000	-	-	-
Total Long-Term Liabilities	2,830,000	1,305,000	-	-	-
Total Liabilities	3,514,789	1,532,172	-	551	-
NET ASSETS					
Invested in Capital Assets, Net of Related Debt	13,577,914	(11,999)	-	-	-
Restricted for:					
Revenue Bond Retirement	390,321	-	-	-	-
Commitments	145,571	-	-	-	-
Unrestricted	1,800,322	1,185,660	-	-	48,801
Net Assets	15,914,129	1,173,661	-	-	48,801

EXHIBIT I-1

DEEAG Grant Fund 55	2011 Total	2010 Total
-	2,561,999	1,586,233
-	528,502	445,636
-	9,449	9,449
-	1,129	5,407
-	(173,608)	(212,111)
-	1,020,583	1,009,006
-	215,738	210,908
-	3,552	9,643
-	75,845	51,447
-	<u>4,243,188</u>	<u>3,115,618</u>
-	1,457,089	-
-	200,298	206,329
-	190,024	236,207
-	<u>1,847,411</u>	<u>442,536</u>
-	329,494	329,494
-	123,482	97,000
-	452,301	452,301
-	6,445,654	6,445,654
-	20,438,494	20,438,494
-	791,174	772,674
-	248,189	239,748
-	<u>28,828,789</u>	<u>28,775,365</u>
-	(12,735,285)	(12,021,989)
-	16,093,503	16,753,376
-	<u>22,184,103</u>	<u>20,311,530</u>
-	304,755	319,667
-	207,262	25,101
-	13,290	14,572
-	551	-
-	-	-
-	240,000	270,000
-	<u>146,655</u>	<u>135,611</u>
-	<u>912,512</u>	<u>764,951</u>
-	4,135,000	3,025,000
-	<u>4,135,000</u>	<u>3,025,000</u>
-	<u>5,047,512</u>	<u>3,789,951</u>
-	13,565,915	13,900,911
-	390,321	442,536
-	145,571	-
-	3,034,784	2,178,132
-	<u>17,136,591</u>	<u>16,521,579</u>

CITY OF INGLESIDE, TEXAS

Exhibit I-2

UTILITY FUND

SCHEDULE OF OPERATING REVENUES AND EXPENSES- BY FUND

YEAR ENDED SEPTEMBER 30, 2011

	Utility Fund 50	Utility Capital Fd 51	Utility EDAP Fd 52	Utility RDA Hookups Fund 53	Impact Fees Fund 54	Grant Fund 55	Total
OPERATING REVENUES							
Charges for Services							
Water Sales	2,305,135	0	0	0	0	0	2,305,135
Sewer Sales	1,484,310	0	0	0	0	0	1,484,310
Water Taps/Impact Fees	6,050	0	0	0	9,159	0	15,209
Sewer Taps/Impact Fees	3,500	0	0	0	13,145	0	16,645
Total Charges for Services	3,798,995	0	0	0	22,305	0	3,821,300
Other Fees and Charges							
Delinquent Account Penalties	89,657	0	0	0	0	0	89,657
Water Reimbursement	71,522	0	0	0	0	0	71,522
Other	44,182	0	0	0	0	0	44,182
Total Other Fees and Charges	205,361	0	0	0	0	0	205,361
Total Operating Revenues	4,004,356	0	0	0	22,305	0	4,026,661
OPERATING EXPENSES							
Personnel Costs	735,828	0	0	0	0	0	735,828
Contracted Services	377,409	0	0	0	0	0	377,409
Supplies	96,564	0	0	0	0	0	96,564
Maintenance	190,507	0	0	0	0	0	190,507
Other Operating Expenses	118,418	0	0	0	0	0	118,418
Water Purchased	1,074,853	0	0	0	0	0	1,074,853
Depreciation	713,296	0	0	0	0	0	713,296
Amortization	23,670	0	0	0	0	0	23,670
Total Operating Expenses	3,330,545	0	0	0	0	0	3,330,545
NET OPERATING INCOME	673,811	0	0	0	22,305	0	696,116
NON-OPERATING REV (EXPENSES)							
Sale of Assets	-	17,000	-	-	-	-	17,000
Refunding Bonds Issued	-	-	-	-	-	-	-
Payments to Escrow Agents	-	-	-	-	-	-	-
Grant Income	-	-	-	-	-	-	-
Interest Income	1,736	802	-	12	47	-	2,596
Interest and Fiscal Charges	(137,919)	-	-	-	-	-	(137,919)
Net Non-Operating Rev (Exp)	(136,183)	17,802	-	12	47	-	(118,322)
Income Before Transfers	537,629	17,802	-	12	22,352	-	577,794
Transfers in	187,959	700,000	-	-	-	-	887,959
Transfers (out)	(700,000)	(150,191)	-	(551)	-	-	(850,741)
Total Transfer in (out)	(512,041)	549,809	-	(551)	-	-	37,218
Change in Net Assets	25,588	567,611	-	(539)	22,352	-	615,011
Prior Period Adjustment	-	-	-	-	-	-	-
NET ASSETS BEG. OF YEAR	15,888,541	606,050	-	539	26,450	-	16,521,579
NET ASSETS END OF YEAR	15,914,129	1,173,661	-	-	48,801	-	17,136,591

CITY OF INGLESIDE, TEXAS
COMPARATIVE STATEMENTS OF CASH FLOWS
UTILITY FUND
YEAR ENDED SEPTEMBER 30, 2011 AND 2010

Exhibit I-3

	2011	2010
Cash flow from operating activities:		
Cash received from customers	3,879,688	3,724,150
Cash payments to suppliers for goods and services	(1,678,906)	(1,874,471)
Cash payments to employees for services	(737,110)	(759,876)
Net cash provided by operating activities	<u>1,463,671</u>	<u>1,089,803</u>
Cash flows from noncapital financing activities:		
Net transfers to funds	<u>37,218</u>	<u>(369,502)</u>
Net Cash flows from non-capital financing activities	<u>37,218</u>	<u>(369,502)</u>
Cash Flows from Capital and Related Financing Activities:		
Net Refunds bonds/costs	1,350,000	0
Grant Proceeds	0	1,350
Principal Payment on bonds	(270,000)	(260,000)
Interest and Fiscal Charges Paid	(137,919)	(146,409)
Purchase of Fixed Assets/Bond Costs	(81,926)	(149,397)
Sale of Assets	<u>17,000</u>	<u>0</u>
Net Cash (Used) Generated for Capital and Related Financing Activities	<u>877,156</u>	<u>(554,456)</u>
Cash Flows from Investing Activities- Interest Income	<u>2,596</u>	<u>3,588</u>
Net Increase (Decrease) in Cash and Cash Equivalents	2,380,641	169,433
Cash and Cash Equivalents at Beginning of Year	<u>2,028,770</u>	<u>1,859,337</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>4,409,411</u></u>	<u><u>2,028,770</u></u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating Income	696,116	360,170
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	713,296	710,725
Amortization	23,670	21,478
Change in Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable (Net)	(117,091)	311,887
(Increase) Decrease in Due from Other Funds	(11,577)	(221,380)
(Increase) Decrease in Due from Other Governments	0	0
(Increase) Decrease in Prepaid Items	6,091	(5,300)
(Increase) Decrease in Inventory	(24,396)	2,630
Increase (Decrease) in Accounts Payable	(14,912)	(9,622)
Increase (Decrease) in Accrued Liabilities/Deferred Revenues	182,161	(1,672)
Increase (Decrease) in Due to Other Funds	551	(39,307)
Increase (Decrease) in Capital Leases Payable	0	0
Increase (Decrease) in Compensated Absences	(1,282)	(586)
Increase (Decrease) in Customer Deposits	<u>11,045</u>	<u>(39,220)</u>
Net Cash Provided by Operating Activities	<u><u>1,463,671</u></u>	<u><u>1,089,803</u></u>

The accompanying notes to financial statements are an integral part of this statement.



INTERNAL SERVICE FUND

Internal Service Funds account for the financing of goods or services provided by one City department for another.

Self-Funded Insurance Internal Service Fund- to account for the provision of group health and dental insurance coverage for all City employees. In addition to the basic coverage provided, employees may purchase dependent health coverage through payroll deductions. This is shown for comparison purposes. This fund was closed in 2009.

CITY OF INGLESIDE, TEXAS
COMPARATIVE STATEMENTS OF NET ASSETS
SELF-FUNDED INSURANCE INTERNAL SERVICE FUND
SEPTEMBER 30, 2011 AND 2010

Exhibit I-4

	<u>2011</u>	<u>2010</u>
ASSETS		
Cash and Cash Equivalents	0	0
Accounts Receivable	0	0
Due From Other Funds	<u>0</u>	<u>0</u>
TOTAL ASSETS	<u>0</u>	<u>0</u>
LIABILITIES		
Due To Other Funds	0	0
Accrued Liabilities	<u>0</u>	<u>0</u>
Total Liabilities	<u>0</u>	<u>0</u>
NET ASSETS:		
Unrestricted (Deficit)	<u><u>0</u></u>	<u><u>0</u></u>

CITY OF INGLESIDE, TEXAS
COMPARATIVE STATEMENTS OF REVENUE, EXPENSES AND
CHANGES IN FUND NET ASSETS
SELF-FUNDED INSURANCE INTERNAL SERVICE FUND
YEAR ENDED SEPTEMBER 30, 2011 AND 2010

Exhibit I-5

	<u>2011</u>	<u>2010</u>
OPERATING REVENUES		
Total Operating Revenues/Refunds	<u>0</u>	<u>20,811</u>
OPERATING EXPENSES		
Self Insurance Claims	<u>0</u>	<u>1,658</u>
Total Operating Expenses	<u>0</u>	<u>1,658</u>
NET OPERATING INCOME	0	19,153
Transfers in	-	-
Transfers (out)	<u>-</u>	<u>(501,050)</u>
Total Transfers in/(out)	<u>-</u>	<u>(501,050)</u>
Prior Period Adjustment	0	0
NET ASSETS, beginning of year	<u>0</u>	<u>481,897</u>
NET ASSETS, end of year (Deficit)	<u><u>0</u></u>	<u><u>0</u></u>

CITY OF INGLESIDE, TEXAS
COMPARATIVE STATEMENTS OF CASH FLOWS
SELF-FUNDED INSURANCE INTERNAL SERVICE FUND
YEAR ENDED SEPTEMBER 30, 2011 AND 2010

Exhibit I-6

	<u>2011</u>	<u>2010</u>
Cash flow from operating activities:		
Cash received from other funds for services	0	20,811
Cash payments for loss claims	0	(183,504)
Other adjustments	<u>0</u>	<u>0</u>
Net cash provided by operating activities	<u>0</u>	<u>(162,693)</u>
Cash flows from noncapital financing activities:		
Net transfers to funds	<u>-</u>	<u>(501,050)</u>
Net Cash flows from non-capital financing activities	<u>-</u>	<u>(501,050)</u>
Prior period adjustments	1	1
Net Increase (Decrease) in Cash and Cash Equivalents	1	(663,742)
Cash and Cash Equivalents at Beginning of Year	<u>0</u>	<u>663,742</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>1</u></u>	<u><u>0</u></u>
Reconciliation of Operating Income to Net Cash Provided by		
Operating Activities		
Operating Income	0	19,153
Adjustments to Reconcile Operating Income to Net Cash		
Provided by Operating Activities:		
Change in Assets and Liabilities:		
Decrease (Increase) in Accounts Rec./Due From Others	0	0
Increase (Decrease) in Due to Other Fund	0	(161,846)
Increase (Decrease) in Accrued Liabilities	0	(20,000)
Net Cash Provided by Operating Activities	<u><u>0</u></u>	<u><u>(162,693)</u></u>

CAPITAL ASSETS USED IN THE OPERATION OF
GOVERNMENTAL FUNDS

CITY OF INGLESIDE, TEXAS**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS****COMPARATIVE SCHEDULES- BY SOURCE****SEPTEMBER 30, 2011 AND 2010**

Exhibit I-7

	<u>2011</u>	<u>2010</u>
GOVERNMENTAL FUNDS CAPITAL ASSETS		
Land		
Buildings and Improvements	3,836,406	3,836,406
Infrastructure	5,339,840	5,864,130
Machinery and Equipment	6,491,106	6,390,795
Furniture and Fixtures	3,283,440	2,640,506
Construction in Progress	990,425	721,699
	<u>0</u>	<u>0</u>
Total	<u><u>19,941,217</u></u>	<u><u>19,453,536</u></u>
INVESTMENT IN GOVERNMENTAL FUNDS CAPITAL ASSETS BY SOURCE		
Current Revenues	8,590,572	8,102,891
General Obligation	5,010,865	5,010,865
Special Assessments	88,954	88,954
Federal Revenue Sharing	75,454	75,454
Federal Grants	397,255	397,255
Other Governmental Agencies	323,754	323,754
Contributions and Other	<u>5,454,363</u>	<u>5,454,363</u>
Total	<u><u>19,941,217</u></u>	<u><u>19,453,536</u></u>

CITY OF INGLESIDE, TEXAS

Exhibit I-8

**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION AND ACTIVITY
SEPTEMBER 30, 2011**

Function and Activity	<u>Total</u>	<u>General Government</u>	<u>Public Safety</u>	<u>Public Works</u>	<u>Cultural and Recreational</u>
Land	3,836,406	1,328,707	40,750	226,420	2,240,529
Buildings and Improvements	5,339,840	221,223	1,298,721	21,477	3,798,419
Machinery and Equipment	3,283,440	145,381	2,606,050	470,373	61,636
Furniture and Fixtures	990,425	302,477	64,479	0	623,469
Infrastructure	6,491,106	0	0	6,491,106	0
Construction in Progress	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Governmental Funds Capital Assets	<u><u>19,941,217</u></u>	<u><u>1,997,788</u></u>	<u><u>4,010,000</u></u>	<u><u>7,209,376</u></u>	<u><u>6,724,053</u></u>

CITY OF INGLESIDE, TEXAS

Exhibit I-9

**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY
YEAR ENDED SEPTEMBER 30, 2011**

Function and Activity	Balance October 1	Additions/ Completions	Retirements/ Adjustments	Balance September 30
General Government	2,024,674	27,885	54,771	1,997,788
Public Safety	3,829,484	219,380	38,864	4,010,000
Public Works	7,062,290	154,940	7,854	7,209,376
Cultural and Recreational	6,537,088	85,455	(101,510)	6,724,053
Total Governmental Funds Capital Assets	<u>19,453,536</u>	<u>487,660</u>	<u>(21)</u>	<u>19,941,217</u>

An adjustment was made for a prior year correction in the retirements/adjustments column.

INTERNAL CONTROL AND COMPLIANCE
AND SINGLE AUDIT SECTION



**ERNEST R. GARZA
AND COMPANY, P.C.**
Certified Public Accountants

10201 Leopard #A
Corpus Christi, Texas 78410
Bus. (361) 241-2452
Fax No. (361) 242-1525
Toll Free 1-800-241-1272



6102 Avers St. #106
Corpus Christi, Texas 78415
Bus. (361) 723-0685
Fax (361) 723-0689

REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

Independent Auditor's Report

To the Honorable Mayor,
Members of City Council
City of Ingleside, Texas

We have audited the financial statements of the City of Ingleside, Texas, as of and for the year ended September 30, 2011, and have issued our report thereon dated January 30, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Ingleside, Texas' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to the administration of the City of Ingleside, Texas, in a letter dated January 30, 2012.

This report is intended solely for the information and use of management, others within the entity, and the various federal agencies and is not intended to be and should not be used by anyone other than these specified parties.

Ernest R. Garza and Company, P.C.
Certified Public Accountants

A handwritten signature in black ink, appearing to read "ERNEST R. GARZA AND COMPANY, P.C.", written in a cursive, stylized script.

January 30, 2012

CITY OF INGLESIDE, TEXAS
SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2011

None

CITY OF INGLESIDE, TEXAS
SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2011

None

CITY OF INGLESIDE, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2011

I. Summary of the Auditor's Results:

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weakness (es) identified? _____. Yes X No

Significant deficiencies identified not considered being material weaknesses? _____. Yes X No

Noncompliance material to financial statements noted? _____. Yes X No

Federal Awards

Internal Control over major programs:

Material weakness (es) identified? _____. Yes X No

Significant deficiencies identified not considered to be material weaknesses? _____. Yes X No

Noncompliance material to financial statements noted? _____. Yes X No

An unqualified opinion was issued regarding compliance and internal controls.

An unqualified opinion was issued regarding compliance for the major award programs

The audit disclosed no audit findings that are required to be reported in this schedule under OMB Circular A-133.

Major programs:

Community Economic Adjustment Assistance

The threshold used to distinguish between Type A and Type B federal programs was \$300,000.

The district was not classified as a low risk auditee in context of OMB Circular A-133.

II. Findings Relating to the Financial Statements Which Are Required To Be Reported in Accordance with *Generally Accepted Government Auditing Standards*.

None

III. Findings and Questioned Costs for Federal Awards

Program	Finding/Noncompliance	Questioned Cost
---------	-----------------------	-----------------

None

CITY OF INGLESIDE, TEXAS
CORRECTION ACTION PLAN
FOR THE YEAR ENDED SEPTEMBER 30, 2011

None



**ERNEST R. GARZA
AND COMPANY, P.C.**
Certified Public Accountants

10201 Leopard #A
Corpus Christi, Texas 78410
Bus. (361) 241-2452
Fax No. (361) 242-1525
Toll Free 1-800-241-1272



6102 Ayers St. #106
Corpus Christi, Texas 78415
Bus. (361) 723-0685
Fax (361) 723-0689

**REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND
MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Honorable Mayor,
Members of the City Council
City of Ingleside, Texas

Compliance

We have audited the compliance of City of Ingleside with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended September 30, 2011. City of Ingleside's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of City of Ingleside's management. Our responsibility is to express an opinion on City of Ingleside's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards, OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on City of Ingleside's compliance with those requirements.

In our opinion, the City of Ingleside, Texas complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 2011.

Internal Control over Compliance

The management of the City of Ingleside, Texas is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs.

In planning and performing our audit, we considered the City of Ingleside, Texas' internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Ingleside, Texas internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that a material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended for the information of the City's management and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

Ernest R. Garza & Company, P.C.
Certified Public Accountants
January 30, 2012

A handwritten signature in black ink, appearing to read "ER Garza & Co. P.C.", written in a cursive, stylized script.

SCHEDULE OF FEDERAL AWARDS

**CITY OF INGLESIDE, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2011**

FEDERAL GRANTOR PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS THROUGH NUMBER	EXPENDITURES INDIRECT REFUNDS	PASS THROUGH AMOUNT SUB RECIPIENTS
U. S. DEPARTMENT OF DEFENSE				
Through: Office of Economic Adjustment Community Economic Adjustment Assistance for Establishment, Expansion, Realignment, or Closure of Military Installation. Period: 10/01/2007 to 07/31/2010	12.607	SP1017-10-01	\$ 46,565	\$ -
Community Economic Adjustment Assistance for Establishment, Expansion, Realignment, or Closure of Military Installation. Period: 12/03/2007 to 12/02/2010	12.607	CL0601-10-02	\$ 749,761	\$ -
TOTAL U. S. DEPARTMENT OF DEFENSE			\$ 796,325	\$ -
U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Through: Texas Department of Housing and Community Affairs Home Investment Partnership Program Period: 06/01/2010 to 06/01/2012	14.239	548277	3,471	-
TOTAL U. S. DEPT. OF HOUSING AND URBAN DEVELOPMENT			\$ 3,471	\$ -
U. S. DEPARTMENT OF TRANSPORTATION				
Through: Texas Department of Transportation 2007 Safe Routes to School Program Period: 06/10/2008 to 06/09/2010	20.505	CSJ#0916-28-906	\$ 366	\$ -
TOTAL U. S. DEPARTMENT OF TRANSPORTATION			\$ 366	\$ -
U. S. GENERAL SERVICES ADMINISTRATION				
Through: Texas Facilities Commission/Federal S Donation of Federal Surplus Personal Property Period: 10/01/2010 to 09/30/2011	39.003	N/a	\$ 33,310	\$ -
TOTAL U. S. DEPARTMENT OF TRANSPORTATION			\$ 33,310	\$ -
US DEPARTMENT OF HOMELAND SECURITY				
Through: Office of the Governor - Division of Emergency Management Homeland Security Grant Period: 08/01/2009 to 04/15/2012	97.073	2009-SS-T9-0064	\$ 9,287	\$ -
Homeland Security Grant Period: 08/01/2009 to 04/15/2012	97.053	2009-SS-T9-0064	2,295	-
Buffer Zone Protection Program Period: 01/01/2008 to 12/31/2010	97.078	08-SRA-BZ-36008	\$ 36,348	\$ -
TOTAL U. S. DEPARTMENT OF HOMELAND SECURITY			\$ 47,930	\$ -
TOTAL EXPENDITURES OF FEDERAL AWARDS:			\$ 881,402	\$ -

**CITY OF INGLESIDE, TEXAS
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2011**

STATE/NON GOVERNMENTAL GRANTOR PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS THROUGH NUMBER	EXPENDITURES INDIRECT REFUNDS	PASS THROUGH AMOUNT SUB RECIPIENTS
STATE AWARDS:				
TEXAS FOREST SERVICE				
Rural Volunteer Fire Department Assistance Period: 01/04/2011 to 02/18/2011	N/a	TFS-12302010	\$ 3,250	\$ -
Rural Volunteer Fire Department Assistance Period: 02/22/2011 to 04/26/2011	N/a	TFS-01102011	1,500	-
Rural Volunteer Fire Department Assistance Period: 03/15/2011 to 06/29/2011	N/a	TFS-03142011	850	-
Rural Volunteer Fire Department Assistance Period: 03/15/2011 to 05/17/2011	N/a	TFS-03142011B	900	-
Rural Volunteer Fire Department Assistance Period: 03/15/2011 to 06/15/2011	N/a	TFS-3232011	2,750	-
Rural Volunteer Fire Department Insurance Period: N/a	N/a	TFS-06022011INS	4,860	-
Rural Volunteer Fire Department Assistance Period: 12/04/2009 to 03/04/2011	N/a	TFS-CASE-1071	8,400	-
Rural Volunteer Fire Department Assistance Period: 03/15/2011 to 06/29/2011	N/a	TFS-CASE-1071	2,550	-
Rural Volunteer Fire Department Assistance Period:	N/a	TFS-CASE-1071	78,000	-
TOTAL TEXAS FOREST SERVICE			\$ 103,060	\$ -
TEXAS STATE LIBRARY AND ARCHIVES COMMISSION				
Lone Star Libraries Grant Period: 09/01/2010 to 08/31/2011	N/a	442-08242	\$ 5,950	\$ -
TOTAL TEXAS STATE LIBRARY & ARCHIVES COMMISSION			\$ 5,950	\$ -
COASTAL BEND COUNCIL OF GOVERNMENTS				
Community Clean Up Period: 09/01/2010 to 08/31/2011	N/a	11-20-G14	\$ 12,800	\$ -
Solid Waste Grant Period: 08/01/2010 to 10/31/2010	N/a	10-20-G04	2,652	-
Equipment for Enforcement Period: N/a	N/a	11-20-G15	6,050	-
TOTAL COASTAL BEND COUNCIL OF GOVERNMENTS			\$ 21,502	\$ -
TOTAL STATE AWARDS			\$ 130,512	\$ -
NON GOVERNMENTAL AWARDS				
UNION PACIFIC FOUNDATION				
Union Pacific Library Fund Period: 10/01/2010 to 09/30/2011	N/a	None	\$ -	\$ -
TOTAL UNION PACIFIC FOUNDATION			\$ -	\$ -
TOTAL NON GOVERNMENTAL AWARDS			\$ -	\$ -
TOTAL EXPENDITURES OF FEDERAL, STATE, AND NON GOVERNMENTAL AWARDS:			\$ 1,011,914	\$ -

CITY OF INGLESIDE, TEXAS
NOTES ON ACCOUNTING POLICIES FOR FEDERAL AWARDS
YEAR ENDED SEPTEMBER 30, 2011

1. For all Federal programs, the City uses the fund types specified by the governmental generally accepted accounting principles. Special revenue funds are used to account for resources restricted to, or designated for, specific purposes by a grantor. Federal and state financial assistance generally is accounted for in a Special Revenue Fund (Grants in Aid Section).

2. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Governmental Fund types are accounted for using a current financial resources measurement focus. All Federal grant funds were accounted for in a Special Revenue Fund which is a Governmental Fund type. With this measurement focus, only current assets and current liabilities and the fund balance are included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets.

The modified accrual basis of accounting is used for the Governmental Fund types, and Agency Funds. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual, i.e., both measurable and available, and expenditures in the accounting period in which the fund liability is incurred, if measurable, except for un-matured interest on General Long-Term Debt, which is recognized when due, and certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Federal grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant, and, accordingly, when such funds are received, they are recorded as deferred revenues until earned.

3. The period of availability for federal grant funds for the purpose of liquidation of outstanding obligations made on or before the ending date of the federal project period extended 30 days beyond the federal project period ending date, in accordance with provisions in Section H, Period of Availability of Federal Funds, Part 3, OMB Circular A-133 Compliance Statement - Provisional 6/97.

STATISTICAL SECTION

Financial presentation in the Statistical Section provides data on the financial, physical, and economic characteristics of the City. These tables cover multiple fiscal years and provide users with a broader and more complete understanding of the City and its financial affairs.

CITY OF INGLESIDE, TEXAS
GOVERNMENT-WIDE EXPENSES BY FUNCTION
LAST TEN YEARS
SEPTEMBER 30, 2011
(UNAUDITED)

Fiscal Year	General Government and Administration	Cultural and Recreational	Public Safety	Public Works
2004	\$122,394	\$1,080,436	\$1,803,509	\$453,417
2005	509,664	870,894	2,004,020	1,278,901
2006	659,344	1,085,344	1,690,322	1,669,944
2007	616,026	1,548,789	1,424,311	1,636,914
2008	1,043,868	753,099	1,998,965	1,869,976
2009	1,026,572	831,021	2,071,294	2,409,404
2010	1,012,857	821,366	2,291,727	1,896,300
2011	1,074,108	859,277	1,682,808	1,633,584

Source: Current year government wide financials

Note - the City reclassified information in the 2008 and 2009 year regarding economic development costs.

In 2010, the above does not include transfers out.

Note - The City of Ingleside first applied GASB Statement No. 34 in fiscal year 2004; therefore government-wide financial information for years prior to fiscal year 2004 is not available.

Table 1

<u>Economic Development</u>	<u>Interest and Fiscal Charges</u>	<u>Water and Sewer</u>	<u>Total</u>
\$0	\$209,423	\$3,029,565	\$6,698,744
0	189,516	3,416,389	8,269,384
0	164,685	4,152,104	9,421,743
0	155,344	4,582,716	9,964,100
381,891	316,568	2,950,044	9,314,411
978,969	285,581	3,930,914	11,533,755
1,362,645	261,584	3,277,800	10,924,279
1,207,187	238,024	3,330,545	10,025,533

CITY OF INGLESIDE, TEXAS
GOVERNMENT-WIDE REVENUES
LAST TEN YEARS
SEPTEMBER 30, 2011
(UNAUDITED)

Fiscal Year	Program Revenues	
	<u>Fees, Fines, and Charges for Services</u>	<u>Capital Grants and Contributions</u>
2004	\$4,036,209	\$441,985
2005	4,493,632	2,701,162
2006	3,826,537	2,553,626
2007	4,307,832	3,863,965
2008	4,893,501	1,056,339
2009	5,569,896	2,264,339
2010	4,626,769	1,710,505
2011	5,139,223	966,041

Source: Current year government wide financials

Note: The City of Ingleside first applied GASB Statement No. 34 in fiscal year 2004; therefore government-wide financial information for years prior to fiscal year 2004 is not available.

Table 2

General Revenue			
Taxes	Investment Earnings	Other	Total
\$3,061,678	\$53,031	\$40,637	\$7,633,540
3,278,062	53,993	69,273	10,596,122
3,536,528	46,536	406,539	10,369,766
3,671,663	86,036	44,286	11,973,782
4,143,273	99,311	369,677	10,562,101
4,716,686	36,014	451,815	13,038,750
4,163,658	7,974	462,029	10,970,935
4,384,887	969	410,984	10,902,103

CITY OF INGLESIDE, TEXAS
GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION
LAST TEN YEARS
SEPTEMBER 30, 2011
(UNAUDITED)

Fiscal Year	<u>General Administration</u>	<u>Public Safety</u>	<u>Public Works</u>	<u>Culture and Recreation</u>
2002	587,591	1,573,065	1,925,992	460,539
2003	369,875	2,005,506	1,777,050	521,218
2004	508,389	1,762,902	1,112,232	1,943,059
2005	510,313	1,800,859	1,202,255	2,209,128
2006	617,789	1,758,060	1,229,083	965,687
2007	822,941	1,745,779	2,032,077	630,261
2008	599,002	1,845,525	1,697,804	782,469
2009	995,837	2,000,115	2,235,933	740,356
2010	991,669	2,008,839	1,952,295	714,335
2011	992,824	1,885,381	1,760,770	619,703

(1) Includes General, Special Revenue and Debt Service Funds.

(2) Series 2007 and Series 2011 is included in the Utility Fund. The Interest and Sinking Fund transferred \$168,908 to the Utility Fund for these debt service payments in 2011.

Table 3

<u>Economic Development</u>	<u>Debt Service</u>	<u>Total</u>
12,716	590,460	5,150,363
60,871	571,052	5,305,572
69,867	754,856	6,151,305
111,139	735,256	6,568,950
72,544	548,680	5,191,843
84,955	530,344	5,846,357
337,094	583,590	5,845,484
978,720	527,270	7,478,231
1,409,232	517,527	7,593,896
1,038,241	355,106	6,652,024

CITY OF INGLESIDE, TEXAS
GENERAL GOVERNMENTAL REVENUES BY SOURCE
LAST TEN YEARS
SEPTEMBER 30, 2011
(UNAUDITED)

Fiscal Year	<u>Taxes</u>	<u>Licenses and Permits</u>	<u>Inter- Governmental</u>
2002	2,881,838	55,608	1,120,523
2003	2,933,031	91,621	379,477
2004	3,076,944	50,813	302,384
2005	3,295,675	69,877	636,444
2006	3,468,213	56,281	103,801
2007	3,713,809	58,743	849,092
2008	4,199,269	72,303	762,300
2009	4,345,265	53,358	1,672,593
2010	4,211,746	41,350	1,646,970
2011	4,391,193	108,655	966,041

(1) Includes General, Special Revenue and Debt Service Funds

Table 4

Charges for Services	Fines and Penalties	Other	Total
588,625	87,584	108,319	4,842,497
578,680	98,781	495,316	4,576,906
596,998	108,799	80,065	4,216,001
692,520	86,381	104,673	4,885,570
692,515	125,643	61,558	4,508,011
748,450	135,926	586,519	6,092,539
903,765	140,452	181,753	6,259,843
978,601	147,677	245,888	7,443,382
969,647	154,405	169,326	7,193,444
947,953	164,609	303,297	6,881,749

CITY OF INGLESIDE, TEXAS
ASSESSED VALUATIONS, TAX LEVIES AND
TAX RATE DISTRIBUTIONS
LAST TEN YEARS
SEPTEMBER 30, 2011
(UNAUDITED)

Table 5

ASSESSED VALUATIONS AND TAX LEVIES

<u>Tax Roll Year</u>	<u>Assessed Values</u>	<u>Tax Rate Per \$100</u>	<u>Tax Levy</u>	<u>Collection Ratios</u>	
				<u>Current</u>	<u>Total</u>
2001	210,817,261	0.7700	1,623,293	94.23%	99.38%
2002	217,840,787	0.7700	1,677,374	94.71%	99.45%
2003	233,689,280	0.7418	1,733,507	96.22%	99.47%
2004	250,498,262	0.7207	1,805,341	96.46%	99.30%
2005	260,350,166	0.6999	1,822,191	98.57%	99.01%
2006	281,511,742	0.7300	2,055,036	97.46%	98.26%
2007	306,352,157	0.7200	2,205,736	96.54%	98.56%
2008	328,206,278	0.7150	2,342,119	96.70%	98.21%
2009	339,212,820	0.7000	2,375,285	96.53%	98.03%
2010	371,630,537	0.6975	2,592,123	95.74%	95.74%
2011	362,146,858	0.6975	2,526,978		

TAX RATE DISTRIBUTION

<u>Tax Roll Year</u>	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total Tax Rate</u>
2002	0.59800	0.17200	0.77000
2003	0.57880	0.16300	0.74180
2004	0.60230	0.11840	0.72070
2005	0.60897	0.09093	0.69990
2006	0.56359	0.16641	0.73000
2007	0.56610	0.15390	0.72000
2008	0.57190	0.14310	0.71500
2009	0.56409	0.13591	0.70000
2010	0.57146	0.12604	0.69750
2011	0.56365	0.13385	0.69750

CITY OF INGLESIDE, TEXAS
ASSESSED AND ESTIMATED MARKET VALUES
OF TAXABLE PROPERTY
LAST TEN YEARS
SEPTEMBER 30, 2011
(UNAUDITED)

Table 6

<u>Tax Roll Year</u>	<u>Net Taxable Values</u>	<u>Estimated Market Values</u>	<u>Ratio of Net Taxable Value to Estimated Market Values</u>
Properties included within City Limits			
2001	210,817,261	220,051,595	95.8%
2002	217,840,787	227,790,833	95.6%
2003	233,689,280	244,768,704	95.5%
2004	250,498,262	260,918,821	96.0%
2005	260,350,166	282,320,118	92.2%
2006	281,511,742	299,865,410	93.9%
2007	306,352,157	325,451,618	94.1%
2008	328,206,278	345,047,637	95.1%
2009	339,212,820	395,750,552	85.7%
2010	373,954,749	586,254,388	63.8%
2011	362,146,858	520,267,641	69.6%
Properties included within Industrial Districts			
2001	12,218,430	16,284,340	75.0%
2002	10,913,947	25,404,397	43.0%
2003	9,553,505	51,253,315	18.6%
2004	24,266,970	45,973,800	52.8%
2005	25,156,626	73,426,700	34.3%
2006	28,745,692	68,231,916	42.1%
2007	24,462,131	80,620,204	30.3%
2008	27,901,666	92,736,841	30.1%
2009	46,496,844	126,454,144	36.8%
2010	24,591,809	95,759,532	25.7%
2011	64,595,007	179,326,909	36.0%

Note: Tax Roll Years agree with the City's fiscal year from October, 1 of the Tax Roll Year through September, 30 of the following year.

Estimated actual values prior to 2007 are net of abatements.

Table 7

CITY OF INGLESIDE, TEXAS
SCHEDULE OF TAXES LEVIED, COLLECTED AND RECEIVABLE
SEPTEMBER 30, 2011
(UNAUDITED)

<u>Levy Year</u>	<u>Taxes Receivable 10/1/2010</u>	<u>Tax Levy</u>	<u>Net Supplements & Adjustments</u>	<u>Collections</u>	<u>Taxes Receivable 9/30/2011</u>
2001 & Prior	60,895	0	0	1,668	59,227
2002	8,302	0	0	658	7,644
2003	8,150	0	0	735	7,415
2004	10,370	0	0	1,005	9,365
2005	15,074	0	0	2,323	12,751
2006	19,598	0	365	2,425	17,538
2007	30,190	0	210	6,700	23,700
2008	45,157	0	4,368	19,494	30,031
2009	80,729	0	5,186	40,807	45,108
2010	<u>0</u>	<u>2,592,153</u>	<u>944</u>	<u>2,481,722</u>	<u>111,375</u>
Totals	<u>278,465</u>	<u>2,592,153</u>	<u>11,073</u>	<u>2,557,537</u>	<u>324,154</u>



CITY OF INGLESIDE, TEXAS
RATIO OF NET GENERAL BONDED DEBT
TO ASSESSED VALUE AND NET DEBT PER CAPITA
LAST TEN YEARS
SEPTEMBER 30, 2011
(UNAUDITED)

<u>Fiscal Year</u>	<u>Population</u>	<u>Net Taxable Assessed Value</u>	<u>Gross Bonded Debt (2)</u>
2002	9,388	217,840,787	4,061,304
2003	9,388	233,689,280	5,151,000
2004	9,388	250,498,262	4,596,000
2005	9,388	260,350,166	4,041,000
2006	9,388	281,511,742	3,661,000
2007	11,232	306,352,157	3,286,000
2008	10,432	328,206,278	2,901,000
2009	10,432	339,212,820	2,501,000
2010	8,992	373,954,749	2,096,000
2011	9,387	362,146,858	1,841,000

(1) The population information was obtained from the U.S. Census Bureau.

(2) Series 2007 and Series 2011 is included in the Utility Fund.

Table 8

<u>Less Sinking Funds</u>	<u>Net Bonded Debt (2)</u>	<u>Ratio of Net Bonded Debt to Assessed Value</u>	<u>Net Bonded Debt Per Capita</u>
315,425	3,745,879	1.72%	399
29,039	5,121,961	2.19%	546
56,103	4,539,897	1.81%	484
99,010	3,941,990	1.51%	420
7,674	3,653,326	1.30%	389
32,713	3,253,287	1.06%	290
42,241	2,858,759	0.80%	236
34,667	2,466,333	0.73%	236
30,782	2,065,218	0.55%	230
53,744	1,787,256	0.49%	190

CITY OF INGLESIDE, TEXASPROPERTY TAX RATES- ALL DIRECT AND OVERLAPPING
GOVERNMENTS (PER \$100 OF ASSESSED VALUE)

LAST TEN YEARS

SEPTEMBER 30, 2011

(UNAUDITED)

Table 9

Tax Roll Year	City of Ingleside	San Patricio County		Independent School District	
		County	Drainage District	Ingleside	Aransas Pass
2002	0.77	0.535	0.0952	1.4696	1.5768
2003	0.7418	0.535	0.0975	1.5501	1.5768
2004	0.7207	0.5399	0.0986	1.6296	1.5768
2005	0.6999	0.5399	0.09917	1.500	1.5768
2006	0.7300	0.5399	0.09148	1.170	1.44842
2007	0.7200	0.5275	0.08188	1.170	1.06138
2008	0.7150	0.5275	0.079747	1.130	1.06138
2009	0.7000	0.5245	0.07928	1.130	1.07138
2010	0.6975	0.5245	0.076404	1.156	1.07138
2011	0.6975	0.5818	0.071775	1.140	1.07138

Note: The information above was obtained from San Patricio County's Website January 2012.

CITY OF INGLESIDE, TEXAS
COMPUTATION OF LEGAL DEBT MARGIN
SEPTEMBER 30, 2011
(UNAUDITED)

Table 10

As a Home Rule Charter City, the amount of debt, which can be issued by the City of Ingleside, Texas is not limited by law.

Under Article XI, Section 5 of the State of Texas Constitution and the City Charter, the maximum tax rate for all purposes is \$2.50 per \$100 of assessed valuation. Within this \$2.50 maximum, there is no legal limit upon the amount of taxes which can be levied for debt service.

Taxable assessed value, 2011 tax roll	\$ 362,146,858
Maximum tax rate per \$100 assessed valuation	x <u>2.50</u>
Maximum available assessed tax revenue for all purposes including debt service	\$ <u>9,053,671</u>
Actual amount expended for general obligation debt service during the year ended September 30, 2011	\$ <u><u>\$530,280</u></u>

CITY OF INGLESIDE, TEXAS
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
SEPTEMBER 30, 2011
(UNAUDITED)

Table 11

<u>Name of Governmental Unit</u>		<u>Net Bonded Debt Outstanding Amount</u>	<u>Applicable to City of Ingleside</u>	
			<u>Percent</u>	<u>Amount</u>
City of Ingleside		\$1,787,256	100.00%	\$1,787,256
Counties:				
San Patricio County @ 12/31/10	*	\$18,195,866	8.95%	1,628,530
School Districts @ 8/31/11:				
Ingleside I.S.D. 205-903	**	\$9,220,696	21.01%	1,937,268
Aransas Pass I.S.D. 205-901	**	\$2,275,000	1.56%	35,490
Special Districts:				
Water District @ 12/31/2011	****	45,695,000	5.12%	2,339,584
SPC Drainage District	***	-	0	<u>0</u>
Total Direct and Overlapping Debt				<u><u>\$7,728,128</u></u>

*NOTE: Information is per San Patricio County Auditor's Office

**NOTE: Information is per each district's audited financial statement for the year ended 8/31/10.

***NOTE: Information is per Mike Vanecek (361-364-4268), San Patricio County Drainage District

****NOTE: Information per Becky Krummow, San Patricio Municipal Water District

CITY OF INGLESIDE, TEXAS

Table 12

RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL LONG-TERM DEBT TO
GENERAL GOVERNMENTAL EXPENDITURES OF ALL GENERAL, SPECIAL REVENUE AND
DEBT SERVICE FUNDS
LAST 10 YEARS
SEPTEMBER 30, 2011
(UNAUDITED)

Year	<u>Principal</u>	<u>Interest & Other</u>	<u>Total Debt Service</u>	<u>Total General Expenditures</u>	<u>Ratio of Debt Service to General Expenditures</u>
2002	202,231	388,229	590,460	5,305,572	11.13%
2003	289,387	281,665	571,052	6,151,305	9.28%
2004	555,000	199,856	754,856	6,568,950	11.49%
2005	555,000	180,256	735,256	5,191,843	14.16%
2006	380,000	168,680	548,680	5,846,357	9.38%
2007	375,000	155,344	530,344	5,845,484	9.07%
2008	385,000	198,590	583,590	5,845,484	9.98%
2009	400,000	127,271	527,271	7,478,231	7.05%
2010	405,000	120,027	525,027	7,593,896	6.91%
2011	255,000	100,106	355,106	6,652,024	5.34%

(1) The above debt service expenditures include capital lease principal and interest costs.

(2) Series 2007 and Series 2011 is included in the Utility Fund. The Interest and Sinking Fund transferred \$168,908 to the Utility Fund for these debt service payments in 2011.

Table 13

CITY OF INGLESIDE, TEXAS
REVENUE BOND COVERAGE: WATER AND SEWER BONDS
LAST TEN YEARS
SEPTEMBER 30, 2011
(UNAUDITED)

<u>Year Ended</u>	<u>Operating Income</u>	<u>Operating Expenses*</u>	<u>Net Operating Income(Loss)*</u>	<u>Bond Debt Requirement</u>	<u>Coverage Ratio</u>
9/30/2002	3,032,400	1,600,245	1,432,155	784,740	1.83
9/30/2003	2,876,399	1,878,748	997,651	617,779	1.61
9/30/2004	3,259,835	2,209,134	1,050,701	433,800	2.42
9/30/2005	3,620,065	2,586,738	1,033,327	460,002	2.25
9/30/2006	3,320,097	2,740,217	579,880	569,558	1.02
9/30/2007	3,685,244	2,282,482	1,402,762	283,494	4.95
9/30/2008	3,989,736	2,378,445	1,611,291	410,530	3.92
9/30/2009	4,462,150	3,173,752	1,288,398	408,308	3.16
9/30/2010	3,636,311	2,543,939	1,092,372	406,409	2.69
9/30/2011	4,026,661	2,593,579	1,433,082	407,919	3.51

(1) Operating Expenses and Net Operating Income (loss) are exclusive of depreciation expense.

(2) Series 2007 and Series 2011 is included in the Utility Fund. The Interest and Sinking Fund transferred \$168,908 to the Utility Fund for these debt service payments in 2011.

CITY OF INGLESIDE, TEXAS
DEMOGRAPHIC STATISTICS
LAST TEN YEARS
SEPTEMBER 30, 2011
(UNAUDITED)

Table 14

<u>Fiscal Year</u>	<u>Estimated Population</u>	<u>Median Household Income</u> (1)	<u>Per Capita Income</u> (2)	<u>Median Age</u> (2)	<u>Average School Enrollment</u> (3)	<u>San Patricio County Unemployment Rate</u> (4)
2002	9,388				2,162	6.60%
2003	9,388				2,322	6.40%
2004	9,388				2,333	7.10%
2005	9,388				2,314	6.30%
2006	9,388				2,285	5.40%
2007	11,232	42,649	17,381	29.1	2,300	4.90%
2008	10,432	46,621	16,050	29.1	2,146	5.00%
2009	10,432	46,621	16,050	29.1	2,000	9.70%
2010	8,992	50,546	19,640	27.9	2,296	8.70%
2011	9,387	54,338	20,842	27.9	2,216	9.10%

Data Sources *

- (1) Ingleside City Hall
- (2) Information Unavailable from Any Source
- (3) Ingleside Independent School District
- (4) Texas Workforce Commission

CITY OF INGLESIDE, TEXAS
PRINCIPAL TAXPAYERS
SEPTEMBER 30, 2011
(UNAUDITED)

Table 15

<u>Principal Taxpayer</u>	<u>Type of Property</u>	<u>2010 Assessed Taxable Valuation</u>	<u>Percent of Total</u>
Helix Energy Solution Group	Real Estate	25,225,190	6.79%
Enject, Inc.	Investment	14,426,740	3.88%
Flint Hills	Oil and Gas	7,750,080	2.09%
Koch Pipeline Company, LP	Real Estate	5,302,440	1.43%
General Electric Credit Corp.	Real Estate	4,617,000	1.24%
Dagger Island Partners, Ltd.	Real Estate	4,167,218	1.12%
M & A Apartments Phase I, Ltd.	Real Estate	3,195,652	0.86%
AEP Texas Central Company	Real Estate	3,108,480	0.84%
Portside Villas, LP	Real Estate	3,081,285	0.83%
M & A Apartments Phase II, Ltd.	Real Estate	2,664,110	0.89%
Total of Top 10 Taxpayers		73,538,195	19.79%
All Other Taxpayers		298,092,342	80.21%
Total Assessed Valuation		\$371,630,537	100.00%

Note:

The 2010 Tax Roll is for the fiscal year ending September 30, 2011.

CITY OF INGLESIDE, TEXAS
INSURANCE AND BOND COVERAGE
SEPTEMBER 30, 2011
(UNAUDITED)

Table 16

<u>POLICY</u>	<u>COVERAGE</u>	<u>EXPIRATION</u>
Texas Municipal League Intergovernmental Risk Risk Pool # 8939	<p>\$2,000,000 limit, \$5,000 deductible, General Liability Actual Cash Value or Agreed Scheduled Value</p> <p>\$2,000,000 limit, \$5,000 deductible, Automobile Liability per schedule, Auto Physical Damage</p> <p>\$2,000,000 limit, \$5,000 deductible, Errors and Omissions</p> <p>\$471,675 limit, \$2,500 deductible, Mobile Equipment</p> <p>\$12,045,164 limit, \$2,500 deductible, Fire Extended Coverage, Vandalism and Malicious Mischief on all City Buildings and Contents</p> <p>Worker's Compensation, limit statutory Includes volunteer firefighters, elected and appointed officials</p>	October 1, 2012
Western Surety Company #18265635	\$100,000 limit, no deductible, Employee Dishonesty Public Blanket Bond	Continues until canceled
TWIA	\$7,925,782 limit, 1% or \$1,000 deductible whichever is greater	May 26, 2012

CITY OF INGLESIDE, TEXAS
MISCELLANEOUS STATISTICAL DATA
SEPTEMBER 30, 2011
(UNAUDITED)

Table 17

DATE OF INCORPORATION: June 18, 1951
DATE OF CITY CHARTER ADOPTION: November 6, 1979
FORM OF GOVERNMENT: Council- Manager

Area- Square Miles	14.4	Cultural and Recreation:	
		Parks- Number of Acres	214
		Number of Playgrounds	4
Miles of Streets- Paved	50	Number of Swimming Pools	1
		Number of Community Centers	2
		Number of Senior Citizens Centers	1
Fire Protection:		Number of Public Libraries	1
Number of Stations	1	Number of Youth Centers	1
Number of Employees			
Regular- Full Time	1		
Regular- Part Time	1	Education:	
Volunteer	36	Number of Schools	5
		Number of School Teachers	134
		Number of Nurses,	
		Counselors, and Librarians	12
Police Protection:		Number of Students	2,216
Number of Stations	1	Average Daily Attendance	2,105
Number of Employees:			
Full Time	21		
		Municipal Water System:	
Total Employees- Part Time	8	Number of Customers	3,000
		Daily Average Consumption	1.0 MGD
		Storage Capacity	2.5 M Gallons
Total Employees- Full Time	64	Number of Fire Hydrants	289
		Number of Street Lights	283

CITY OF INGLESIDE, TEXAS
WATER PURCHASES AND SALES
LAST TEN YEARS
SEPTEMBER 30, 2011
(UNAUDITED)

Table 18

Fiscal Year Ended	Gallons <u>Purchased</u>	Gallons <u>Sold</u>	Gallons City Usage, <u>Losses, etc</u>	Purchased <u>Not Sold</u>
9/30/02	439,280,000	384,861,500	54,418,500	12.39%
9/30/03	395,874,000	364,475,200	31,398,800	7.93%
9/30/04	403,448,000	349,117,200	54,330,800	13.47%
9/30/05	440,955,000	396,941,800	44,013,200	9.98%
9/30/06	439,013,000	409,581,400	29,431,600	6.70%
9/30/07	398,587,000	366,615,500	31,971,500	8.02%
9/30/08	430,202,000	393,748,000	36,454,000	8.47%
9/30/09	489,460,000	433,253,400	56,206,600	11.48%
9/30/10	366,417,000	313,927,600	52,489,400	14.33%
9/30/11	422,814,000	367,958,100	54,855,900	12.97%

CITY OF INGLESIDE, TEXAS

NUMBER OF ACTIVE ACCOUNTS AT CLOSE OF YEAR

LAST TEN YEARS

SEPTEMBER 30, 2011

(UNAUDITED)

Table 19

<u>Fiscal Year Ended</u>	<u>Water Accounts</u>	<u>Sewer Accounts</u>
9/30/02	2,621	2,306
9/30/03	2,693	2,370
9/30/04	2,898	2,554
9/30/05	2,941	2,588
9/30/06	2,957	2,605
9/30/07	2,951	2,747
9/30/08	3,022	2,885
9/30/09	2,992	2,856
9/30/10	2,945	2,816
9/30/11	3,000	2,882
 <u>Top Ten Utility Customers</u>		
Kiewitt Offshore Services		\$ 371,273
Navy/Port of Corpus Christi		222,111
Ingleside on the Bay		157,895
Downtown Ingleside Apts		110,144
City of Aransas Pass		73,298
Ingleside Housing Authority		52,849
Ingleside Independent School District		48,727
Flint Hills		46,746
Sun Meadow Apartments		42,547
Helix		25,996
Total		<u>\$ 1,151,586</u>
Total Water Sales		2,305,134
Total Sewer Sales		<u>\$ 1,484,310</u>
Total Sales		<u>\$ 3,789,444</u>

CITY OF INGLESIDE
DEBT SERVICE REQUIREMENTS BY YEARS
AS OF SEPTEMBER 30, 2011 (UNAUDITED)

SUMMARY- CITY OF INGLESIDE GENERAL LONG-TERM DEBT SERVICE REQUIREMENTS

<u>Fiscal Year</u>	<u>Bond Due</u>	<u>Interest Payments Due</u>			<u>Total Annual Requirements</u>	<u>Balance Outstanding</u>
		<u>First</u>	<u>Second</u>	<u>Total</u>		
2011						1,841,000
2012	\$ 260,000	44,907	40,552	85,459	345,459	1,581,000
2013	135,000	39,377	37,208	76,585	211,585	1,446,000
2014	145,000	36,033	33,567	69,600	214,600	1,301,000
2015	150,000	32,354	29,767	62,121	212,121	1,151,000
2016	150,000	28,555	25,927	54,482	204,482	1,001,000
2017	150,000	24,714	22,087	46,801	196,801	851,000
2018	70,000	20,837	20,349	41,186	111,186	781,000
2019	70,000	19,099	18,612	37,711	107,711	711,000
2020	75,000	17,362	16,753	34,115	109,115	636,000
2021	25,000	15,503	14,893	30,396	55,396	611,000
2022	25,000	14,893	14,284	29,177	54,177	586,000
2023	25,000	14,284	13,674	27,958	52,958	561,000
2024	30,000	13,674	12,943	26,617	56,617	531,000
2025	30,000	12,943	12,212	25,155	55,155	501,000
2026	30,000	12,212	11,481	23,693	53,693	471,000
2027	35,000	11,481	10,628	22,109	57,109	436,000
2028	35,000	10,628	9,774	20,402	55,402	401,000
2029	35,000	9,774	8,921	18,695	53,695	366,000
2030	40,000	8,921	7,946	16,867	56,867	326,000
2031	40,000	7,946	6,971	14,917	54,917	286,000
2032	45,000	6,971	5,874	12,845	57,845	241,000
2033	45,000	5,874	4,778	10,652	55,652	196,000
2034	45,000	4,778	3,681	8,459	53,459	151,000
2035	50,000	3,681	2,462	6,143	56,143	101,000
2036	50,000	2,462	1,243	3,705	53,705	51,000
2037	51,000	1,243	0	1,243	52,243	0
TOTAL	<u>\$1,841,000</u>	<u>\$420,506</u>	<u>\$386,587</u>	<u>\$807,093</u>	<u>\$2,648,093</u>	

CITY OF INGLESIDE
DEBT SERVICE REQUIREMENTS BY YEARS
AS OF SEPTEMBER 30, 2011 (UNAUDITED)

SUMMARY- UTILITY FUND DEBT SERVICE REQUIREMENTS

Fiscal Year	Bonds Due	Interest Payments Due			Total Annual Requirements	Balance Outstanding
		First	Second	Total		
2011						4,375,000
2012	240,000	83,249	81,094	164,343	404,343	4,135,000
2013	375,000	81,094	73,775	154,869	529,869	3,760,000
2014	400,000	73,775	65,790	139,565	539,565	3,360,000
2015	410,000	65,790	57,514	123,304	533,304	2,950,000
2016	395,000	57,514	49,743	107,257	502,257	2,555,000
2017	405,000	49,743	41,692	91,435	496,435	2,150,000
2018	405,000	41,692	33,567	75,259	480,259	1,745,000
2019	420,000	33,567	25,101	58,668	478,668	1,325,000
2020	435,000	25,101	16,294	41,395	476,395	890,000
2021	315,000	16,294	10,200	26,494	341,494	575,000
2022	320,000	10,200	3,978	14,178	334,178	255,000
2023	125,000	3,978	2,028	6,006	131,006	130,000
2024	130,000	2,028	0	2,028	132,028	0
TOTAL	<u>\$4,375,000</u>	<u>\$544,025</u>	<u>\$460,776</u>	<u>\$1,004,800</u>	<u>\$5,379,800</u>	

CITY OF INGLESIDE
DEBT SERVICE REQUIREMENTS BY YEARS
AS OF SEPTEMBER 30, 2011 (UNAUDITED)

COMBINATION TAX AND LIMITED PLEDGE REVENUE
CERTIFICATES OF OBLIGATION, SERIES 1997-A

<u>Fiscal</u> <u>Year</u>	<u>Bonds Due</u> <u>Interest</u>	<u>February 1</u> <u>Amount</u>	<u>Interest Payments Due</u>		<u>Total</u>	<u>Total Annual</u> <u>Requirements</u>	<u>Balance</u> <u>Outstanding</u>
			<u>Feb-01</u>	<u>Aug-01</u>			
2011							460,000
2012	5.15%	70,000	12,085	10,283	22,368	92,368	390,000
2013	5.15%	70,000	10,283	8,480	18,763	88,763	320,000
2014	5.25%	80,000	8,480	6,380	14,860	94,860	240,000
2015	5.25%	80,000	6,380	4,280	10,660	90,660	160,000
2016	5.35%	80,000	4,280	2,140	6,420	86,420	80,000
2017	5.35%	80,000	2,140	0	2,140	82,140	0
TOTAL		<u>\$460,000</u>	<u>\$43,648</u>	<u>\$31,563</u>	<u>\$75,211</u>	<u>\$535,211</u>	

CITY OF INGLESIDE
DEBT SERVICE REQUIREMENTS BY YEARS
AS OF SEPTEMBER 30, 2011 (UNAUDITED)

COMBINATION TAX AND LIMITED PLEDGE REVENUE CERTIFICATES OF OBLIGATION, SERIES 1997:

Fiscal Year	Bonds Due February 1		Interest Payments Due			Total Annual Requirements	Balance Outstanding
	Interest %	Amount	Feb-01	Aug-01	Total		
2011							806,000
2012	4.88%	15,000	19,646	19,281	38,927	53,927	791,000
2013	4.88%	15,000	19,281	18,915	38,196	53,196	776,000
2014	4.88%	15,000	18,915	18,549	37,464	52,464	761,000
2015	4.88%	20,000	18,549	18,062	36,611	56,611	741,000
2016	4.88%	20,000	18,062	17,574	35,636	55,636	721,000
2017	4.88%	20,000	17,574	17,087	34,661	54,661	701,000
2018	4.88%	20,000	17,087	16,599	33,686	53,686	681,000
2019	4.88%	20,000	16,599	16,112	32,711	52,711	661,000
2020	4.88%	25,000	16,112	15,503	31,615	56,615	636,000
2021	4.88%	25,000	15,503	14,893	30,396	55,396	611,000
2022	4.88%	25,000	14,893	14,284	29,177	54,177	586,000
2023	4.88%	25,000	14,284	13,674	27,958	52,958	561,000
2024	4.88%	30,000	13,674	12,943	26,617	56,617	531,000
2025	4.88%	30,000	12,943	12,212	25,155	55,155	501,000
2026	4.88%	30,000	12,212	11,481	23,693	53,693	471,000
2027	4.88%	35,000	11,481	10,628	22,109	57,109	436,000
2028	4.88%	35,000	10,628	9,774	20,402	55,402	401,000
2029	4.88%	35,000	9,774	8,921	18,695	53,695	366,000
2030	4.88%	40,000	8,921	7,946	16,867	56,867	326,000
2031	4.88%	40,000	7,946	6,971	14,917	54,917	286,000
2032	4.88%	45,000	6,971	5,874	12,845	57,845	241,000
2033	4.88%	45,000	5,874	4,778	10,652	55,652	196,000
2034	4.88%	45,000	4,778	3,681	8,459	53,459	151,000
2035	4.88%	50,000	3,681	2,462	6,143	56,143	101,000
2036	4.88%	50,000	2,462	1,243	3,705	53,705	51,000
2037	4.88%	51,000	1,243	0	1,243	52,243	0
TOTAL		<u>\$806,000</u>	<u>\$319,093</u>	<u>\$299,447</u>	<u>\$618,540</u>	<u>\$1,424,540</u>	

CITY OF INGLESIDE
DEBT SERVICE REQUIREMENTS BY YEARS
AS OF SEPTEMBER 30, 2011 (UNAUDITED)

COMBINATION TAX AND LIMITED PLEDGE REVENUE CERTIFICATES OF OBLIGATION, SERIES 2002:

Fiscal Year	Bonds Due September 1		Interest Payments Due			Total Annual Requirements	Balance Outstanding
	Interest %	Amount	Mar-01	Sep-01	Total		
2011							450,000
2012	4.70%	50,000	10,988	10,988	21,976	71,976	400,000
2013	4.70%	50,000	9,813	9,813	19,626	69,626	350,000
2014	4.85%	50,000	8,638	8,638	17,276	67,276	300,000
2015	4.85%	50,000	7,425	7,425	14,850	64,850	250,000
2016	4.85%	50,000	6,213	6,213	12,426	62,426	200,000
2017	5.00%	50,000	5,000	5,000	10,000	60,000	150,000
2018	5.00%	50,000	3,750	3,750	7,500	57,500	100,000
2019	5.00%	50,000	2,500	2,500	5,000	55,000	50,000
2020	5.00%	50,000	1,250	1,250	2,500	52,500	0
TOTAL		<u>\$450,000</u>	<u>\$55,577</u>	<u>\$55,577</u>	<u>\$111,154</u>	<u>\$561,154</u>	

Issued by the Ingleside Development Corporation.

CITY OF INGLESIDE
DEBT SERVICE REQUIREMENTS BY YEARS
AS OF SEPTEMBER 30, 2011 (UNAUDITED)

GENERAL OBLIGATION REFUNDING BONDS, SERIES 2003

Fiscal Year	Bonds Due September 1		Interest Payments Due			Total Annual Requirements	Balance Outstanding
	Interest %	Amount	15-Feb	15-Aug	Total		
2011							125,000
2012	3.50	125,000	2,188	0	2,188	127,188	0
TOTAL		<u>125,000</u>	<u>2,188</u>	<u>0</u>	<u>2,188</u>	<u>127,188</u>	

CITY OF INGLESIDE
DEBT SERVICE REQUIREMENTS BY YEARS
AS OF SEPTEMBER 30, 2011 (UNAUDITED)

WATERWORKS AND SEWER SYSTEM REVENUE BONDS, SERIES 2002:

<u>Fiscal Year</u>	<u>Bonds Due February 1</u>		<u>Interest Payments Due</u>			<u>Total Annual Requirements</u>	<u>Balance Outstanding</u>
	<u>Interest %</u>	<u>Amount</u>	<u>Feb-01</u>	<u>Aug-01</u>	<u>Total</u>		
2011							1,660,000
2012	3.50%	55,000	33,568	32,605	66,173	121,173	1,605,000
2013	3.60%	145,000	32,605	29,995	62,600	207,600	1,460,000
2014	3.75%	150,000	29,995	27,183	57,178	207,178	1,310,000
2015	3.85%	155,000	27,183	24,199	51,382	206,382	1,155,000
2016	3.95%	155,000	24,199	21,138	45,337	200,337	1,000,000
2017	4.05%	150,000	21,138	18,100	39,238	189,238	850,000
2018	4.15%	150,000	18,100	14,988	33,088	183,088	700,000
2019	4.20%	150,000	14,988	11,838	26,826	176,826	550,000
2020	4.25%	150,000	11,838	8,650	20,488	170,488	400,000
2021	4.30%	200,000	8,650	4,350	13,000	213,000	200,000
2022	4.35%	200,000	4,350	0	4,350	204,350	0
TOTAL		<u>\$1,660,000</u>	<u>\$226,614</u>	<u>\$193,046</u>	<u>\$419,660</u>	<u>\$2,079,660</u>	

WATERWORKS AND SEWER SYSTEM REVENUE BONDS, SERIES 2002-A:

<u>Fiscal Year</u>	<u>Bonds Due February 1</u>		<u>Interest Payments Due</u>			<u>Total Annual Requirements</u>	<u>Balance Outstanding</u>
	<u>Interest %</u>	<u>Amount</u>	<u>Feb-01</u>	<u>Aug-01</u>	<u>Total</u>		
2011							110,000
2012	5.68%	25,000	3,191	2,481	5,672	30,672	85,000
2013	5.75%	25,000	2,481	1,763	4,244	29,244	60,000
2014	5.58%	30,000	1,763	885	2,648	32,648	30,000
2015	5.90%	30,000	885	0	885	30,885	0
Total		<u>110,000</u>	<u>8,320</u>	<u>5,129</u>	<u>13,449</u>	<u>123,449</u>	

CITY OF INGLESIDE
DEBT SERVICE REQUIREMENTS BY YEARS
AS OF SEPTEMBER 30, 2011 (UNAUDITED)

UTILITY SYSTEM COMBINATION TAX AND REVENUE BONDS, SERIES 2007:

Fiscal Year	<u>Bonds Due February 1</u>		<u>Interest Payments Due</u>			Total Annual Requirements	Balance Outstanding
	<u>Interest %</u>	<u>Amount</u>	<u>Feb-01</u>	<u>Aug-01</u>	<u>Total</u>		
2011							1,255,000
2012	4.50%	115,000	28,238	25,650	53,888	168,888	1,140,000
2013	4.50%	115,000	25,650	23,063	48,713	163,713	1,025,000
2014	4.50%	125,000	23,063	20,250	43,313	168,313	900,000
2015	4.50%	130,000	20,250	17,325	37,575	167,575	770,000
2016	4.50%	140,000	17,325	14,175	31,500	171,500	630,000
2017	4.50%	150,000	14,175	10,800	24,975	174,975	480,000
2018	4.50%	150,000	10,800	7,425	18,225	168,225	330,000
2019	4.50%	160,000	7,425	3,825	11,250	171,250	170,000
2020	4.50%	170,000	3,825	0	3,825	173,825	0
TOTAL		<u>\$1,255,000</u>	<u>\$150,751</u>	<u>\$122,513</u>	<u>\$273,263</u>	<u>\$1,528,263</u>	

UTILITY SYSTEM CERTIFICATE OF OBLIGATIONS, SERIES 2011

Fiscal Year	<u>Bonds Due February 1</u>		<u>Interest Payments Due</u>			Total Annual Requirements	Balance Outstanding
	<u>Interest %</u>	<u>Amount</u>	<u>Feb-01</u>	<u>Aug-01</u>	<u>Total</u>		
2011							1,350,000
2012	3.12%	45,000	18,252	20,358	38,610	83,610	1,305,000
2013	3.12%	90,000	20,358	18,954	39,312	129,312	1,215,000
2014	3.12%	95,000	18,954	17,472	36,426	131,426	1,120,000
2015	3.12%	95,000	17,472	15,990	33,462	128,462	1,025,000
2016	3.12%	100,000	15,990	14,430	30,420	130,420	925,000
2017	3.12%	105,000	14,430	12,792	27,222	132,222	820,000
2018	3.12%	105,000	12,792	11,154	23,946	128,946	715,000
2019	3.12%	110,000	11,154	9,438	20,592	130,592	605,000
2020	3.12%	115,000	9,438	7,644	17,082	132,082	490,000
2021	3.12%	115,000	7,644	5,850	13,494	128,494	375,000
2022	3.12%	120,000	5,850	3,978	9,828	129,828	255,000
2023	3.12%	125,000	3,978	2,028	6,006	131,006	130,000
2024	3.12%	130,000	2,028	0	2,028	132,028	0
TOTAL		<u>\$1,350,000</u>	<u>\$158,340</u>	<u>\$140,088</u>	<u>\$298,428</u>	<u>\$1,648,428</u>	